



Ad Infinitum

'Find out what REALLY happened in the 1960s - and how the revolution continues today'



Pink Snow

'Wax the skis, get out the boots - and discover what's new in the world of skiing for this winter'

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FINANCIAL TIMES

OCTOBER 25 / OCTOBER 26 1997



Who needs a car?

'A friend said it was impossible to manage without a car. But we're still hanging in there'



Formula Ferrari

'The Ferrari boss fears his heart will not stand the showdown between Villeneuve and Schumacher'

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Page IX

HK stock market rallies as peg to dollar defended

By John Riddling in Hong Kong, Simon Davies in London and John Labate in New York

Hong Kong's battered stock market rebounded yesterday, following signs that the territory had fended off the immediate threat from speculators seeking to break its currency system.

However, Western stock markets remained unsettled. The UK's FTSE 100 fell 21.3 points to 4,970.2 and on Wall Street the Dow Jones Industrial Average opened higher before falling more than 110 points at one stage. At 2pm the average, in heavy trading volume, was down 57.96 points or 0.74 per cent at 7,768.81.

The \$9 per cent jump in Hong Kong's blue-chip Hang Seng index, which closed at 11,144, meant it had clawed back some of its 23 per cent plunge since Monday. However, regional currency and share markets remained volatile. Shares in Tokyo closed higher, but there were sharp falls in Australia, Taiwan and Thailand.

In continental Europe, stock markets in Germany and the Netherlands recovered strongly

Reports and background... Page 3
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FT Weekend, Pages XXIV-XXVII

after significant declines on Thursday, but France and Spain edged lower. "I think it is a case of judgment postponed," said David Bowers, strategist at Merrill Lynch in London.

The so-called flight to quality continued, with government bonds moving higher. The UK gilts future settled 1/4 higher at 118 1/2. German bund future rose 0.36 to 102.13, and US Treasuries moved higher in the morning.

Tung Chee-hwa, Hong Kong's post-colonial leader, said the impact on the stock market of high interest rates - raised to protect the peg to the US dollar - should be a short-term effect and vowed to defend the currency

peg. Speaking on his return to Hong Kong after a trip to Europe, he said: "Speculators thought they wanted to have a go here, but we will make sure they will not succeed."

While investment analysts said the crisis had eased, with overnight interest rates falling from above 50 per cent to below 10 per cent, tensions remained in the market.

"We are still between a rock and a hard place," said Archie Hart, director of Equities at BZW (Asia). He said the raised interest rates would slow growth and lead to a fall in property prices.

Many commentators warned that speculative attacks could return. "There are a lot of people with deep pockets," said K C Kwok, chief economist at Standard Chartered Bank. "And the regional economic problems are dragging on much longer than expected."

Economists said the damage to Hong Kong's economy from the recent upheaval would depend on how long interest rates were maintained at their higher levels. On Thursday, the territory's leading banks raised prime rates from 8.75 per cent to 9.5 per cent, while yesterday they announced that retail deposit rates would be increased by 75 basis points to 4.75 per cent.

Christopher Langley, chairman of the Hong Kong Association of Banks, said the recent rate increases should not have a significant impact on economic growth or on bank profits. "Assuming we are looking at a very short-term phenomenon, the impact on banks' profitability overall, I would have thought, would be very modest," he said.

Commonwealth leaders get tough with Nigeria



South African leader Nelson Mandela and Sri Lanka's Chandrika Kumaratunga in Edinburgh for the Commonwealth summit. Action was expected against Nigeria over democracy

Gold markets hit after Swiss officials urge \$12bn sell-off

By William Hall in Zurich

Switzerland sent shockwaves through international gold markets yesterday after a panel of officials from its National Bank and finance ministry proposed selling off 1,400 tonnes of gold, just over half its reserves.

The proposed sale of some \$12bn of gold - more than half of annual world mine production - is the latest blow to international markets still recovering from the news in mid-summer that Australia's central bank had sold most of its gold.

In the New York commodity exchange the gold price fell to a 12-year low of \$310.50 an ounce.

The gold index on the Johannesburg stock exchange fell 51.5 points or 5.11 per cent to 867. On the Toronto stock exchange, the gold and precious metals index fell 4.4 per cent in early trading. The Swiss officials' proposal was the most controversial element

in a report on the constitutional reform of the country's currency law. Switzerland, the last significant nation to require its currency to be backed by gold, indicated last year it wanted to sever the link and replace it with a clause in its constitution guaranteeing the independence of the Swiss National Bank.

Switzerland's gold reserves are currently valued well below market prices. By breaking the currency's link with gold and revaluing the reserves at a figure closer to market prices, the expert group recommended that 1,400 tonnes could be released from the accounts of the Swiss National Bank.

The bank announced in March it wanted to sell around 600 tonnes of gold to finance a \$7bn foundation to support humanitarian projects around the world. The foundation, which has been likened to the equivalent of the Ford Foundation, is a key part of

the government's efforts to repair its international image in the wake of the allegations about war-time business dealings with Nazi Germany.

Kaspar Villiger, Switzerland's finance minister, was quick to distance himself from the report's more controversial recommendations, which also included a constitutional commitment that price stability be the focal point of the Swiss National Bank's financial policy.

Mr Villiger described the report as a "major stepping stone" towards a timely reform of the constitutional role of the bank. However, he said the ministry of finance and the bank would prefer to stick with the original idea of disposing of \$8.7bn of gold to finance the so-called foundation.

The proposal will have to be submitted to a referendum, unlikely to take place before 1999.

Commodities, Page 8

Zimbabwe calls on UK to pay for land reform

By Michael Holman and David Buchan in Edinburgh

President Robert Mugabe of Zimbabwe has asked Britain to fund the redistribution to black farmers of half a million hectares of white-owned farmland.

Mr Mugabe put his request during a 30-minute meeting with Tony Blair, the British prime minister, in Edinburgh yesterday.

A spokesman for Mr Blair said that the prime minister had listened carefully, but made clear that Britain was unlikely to provide additional money. Before leaving Zimbabwe to attend the Commonwealth summit, Mr Mugabe warned that his government was prepared to expropriate white farms and distribute the land to black farmers. Land ownership is the most sensitive issue in the country's politics.

Under a British-funded scheme worth some £30m (\$48.5m) - part of the 1979 Lancaster House settlement which ended the guerrilla war for independence - nearly 60,000 black families were resettled on what was formerly white land.

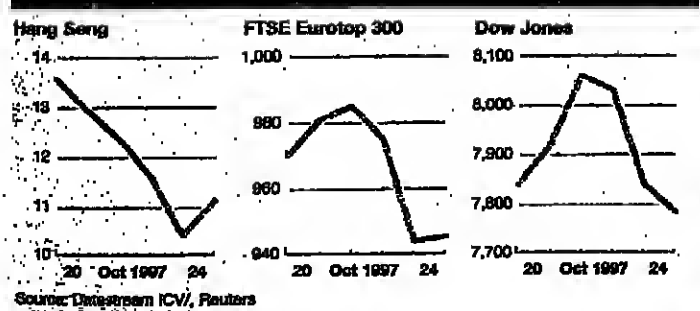
However, some of the white farms purchased on a "willing-seller, willing-buyer" basis ended up in the hands of politicians and army officers.

Yesterday, Mr Mugabe described the £30m as "peanuts".

The resettlement programme has fallen far short of redressing a colonial legacy which left half the country, including most of the best farmland, in the hands of what was then a 250,000-strong white minority.

Commonwealth waves big stick, Page 3

Some relief at the end of a nerve-racking week



News General

French state put on trial

France has long resolved its had conscience about the collaborations: Vichy government under German occupation by relying upon a fragile balance of ignorance and myth. This equilibrium has now been disturbed by the war crimes trial of 87-year-old Maurice Papon, a Vichy civil servant who became a prominent figure in postwar administrations. The case against Papon has turned almost uncontrollably into a broader indictment of the French state. Page 7

Airlines angry at Milan airport switch: The Italian government ordered all international carriers to switch from Milan's Linate airport to the city's new Malpensa terminal by the end of next October. The move will involve about 11m passengers a year. Ten European carriers say the switch is anti-competitive. Page 2

UK firm on Euro delays: UK finance minister Gordon Brown will say on Monday the UK is preparing to participate in European economic and monetary union after the next general election, which must be held by the summer of 2002. The statement is intended to end weeks of damaging uncertainty about Euro policy. There will be a last-ditch attempt by industry leaders to persuade prime minister Tony Blair to leave open the option of joining Euro at any time after the 1999 start. Page 5

Algeria's elections disputed: Pro-government parties won a landslide victory in strife-torn Algeria's local elections, the interior ministry said. Opposition parties disputed the results as well as the 66 per cent turnout rate claimed by the government. Page 4

Clocks go back one hour: Summer time ends at 2am tomorrow in most European countries. Clocks should be put back one hour.

Man in the News

Bill Gates

Microsoft, the world's largest software company, reacted angrily to this week of anti-competitive practices. This stance reflects the surprisingly defensive tendencies of its chairman, Bill Gates, who believes the company is threatened by new and existing competitors every day.

The personification of Microsoft. Page 7



News Business

Generali seeks \$2.5bn

Assicurazioni Generali, Italy's largest insurance company, will seek to raise \$2.5bn (\$2.5bn) from shareholders to help finance its \$1.6bn hostile bid for AGF, France's second-largest insurer. Generali also said it would raise an additional \$1,000bn in a subordinated bond offering - debt which is riskier than senior notes or equity. It may also use some of its \$1.8bn of free cash. The remaining cash for the operation will come from a two-year loan facility. Page 24

Four bidders seek BZW businesses: Four serious bidders have emerged for the equity and advisory businesses of BZW, the investment bank owned by Barclays of the UK which was put up for sale three weeks ago. A senior Barclays executive said the group would be in negotiations over the weekend. He hoped a deal could come as early as next week. Page 24

Competition forces Toshiba profits down: Tough competition in global personal computer and semiconductor markets caused a 47 per cent slide in interim pre-tax profits to ¥25.4bn (\$209.5m) at diversified electricals and electronics group Toshiba. The group said it expected difficult market conditions to continue and revised down its forecast of profits for the full year by a fifth to ¥75bn. Page 24

Deal near on illegal aid to VW: Germany and the European Commission are expected to settle a long-running dispute over illegal state aid to car manufacturer Volkswagen under fresh proposals put forward by the German government. The Commission said the key to any solution would be a legally binding commitment from Bonn to recover the unlawful aid. The proposals have not been made public. Page 2

Price pressure hits Scanias: Shares in Swedish truckmaker Scania fell 9.4 per cent as the company reported nine-month profits down 14 per cent to SKr1.55bn, (\$343m) on sales up from SKr24.8bn to SKr28.2bn. It forecast zero profits growth for the full year. Chief executive Leif Ostling said price pressure in the European truck market had squeezed margins and showed no sign of abating. Page 23

Varig seeks \$400m to cut debt: Brazilian airline Varig, which this week became the sixth member of the Star Alliance of global carriers, announced plans to raise \$400m to cut debt by selling most of its non-core assets. The Star Alliance lifts Varig's sales abroad and gives it access to some of the most modern computer software developed by the partners. Page 23

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CABLE TV PREMIER LEAGUE

Channel	% Share of Viewing
LIVETV	1.08
Sci-Fi Channel	1.01
MTV	1.01
WV-1	1.01
Eurosport	0.94
Sky Movies Gold	0.94
Cartoon Select	0.81
Fantasy Channel/Challenge TV	0.81
Discovery	0.81
Sky News	0.81
The Box	0.74
Brevo	0.74
The Travel Channel	0.80
Sky Sports 3	0.47
History	0.34
TOC	0.34
Paramount	0.27
Granada Good Life	0.27
The Weather Channel	0.07

Unpublished BPS viewing data of other channels to All Adults 16 and 17 years

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LIVETV

NEWS: INTERNATIONAL

Baltic investors take fright

By John Thornhill in Moscow

Estonia's central bank yesterday dismissed this week's turmoil in the Baltic region's financial markets as "a temporary alarm" and said it was committed to keeping its currency board.

On Thursday, the Tallinn stock exchange plunged more than 15 per cent as small investors dumped shares after the market had drifted lower for several days.

The sharp correction also knocked share prices in Lithuania and Latvia yesterday and appeared to heighten speculative attacks against the krona, the Estonian currency.

But the Bank of Estonia's statement appeared to calm investors' nerves and the Tallinn market rebounded 6 per cent yesterday.

Estonia has fixed its currency against the D-Mark at a rate of 8:1 for the past five years within a currency board regime.

Viktor Makhov, associate director of Hansa Investments, a Tallinn-based investment bank, said: "We had a small panic by small investors but there has not been a crisis."

The Tallinn stock exchange had been one of the hottest bourses in eastern Europe, climbing more than 400 per cent over the past year on the back of the fast-expanding Estonian economy.

But some investors have expressed concern that the economy may be growing too fast, sucking in too much foreign capital and leading to a widening current account deficit.

The central bank yesterday minimised the threat posed by the current account deficit, which stands at around 13 per cent of gross domestic product, by emphasising the strength of the economy.

Deal near on illegal aid to VW

By Emma Tucker in Brussels, Graham Bowley in Frankfurt, and Ralph Atkins in Bonn

Germany and the European Commission are expected to settle a long-running dispute over illegal state aid to the car manufacturer Volkswagen.

Bonn said yesterday it was confident the proposals - made this week and understood to be supported by VW - would be accepted by Brussels as the basis for a solution to the acrimonious

dispute about subsidies paid by the east German state of Saxony to two VW plants.

A settlement would end a row that has dragged on for more than a year and has put relations between Bonn and Brussels under severe strain.

The argument flared up when Mr Kurt Biedenkopf, Saxony's premier, ignored a Commission ruling that the DM90.7m (\$51.3m) involved was illegal aid, and paid it, setting himself on a collision course with Karel Van Miert, the competition commissioner.

The Commission said the

key to any solution would be a legally binding commitment from Bonn to recover the unlawful aid from VW.

It was disbursed to two VW plants in Mosel and Chemnitz on top of a DM540m capital injection already approved by Brussels.

Brussels also wants VW to respect a ceiling on production capacity that Commission inspectors found had been exceeded by the group.

"We are in the final straight," said a Commission spokesman. "We are waiting for the

Bonn government to give us a firm undertaking that is legally shipshape."

Details of the proposals have not been made public but it emerged yesterday that Bonn has offered to ensure that the disputed sum would not be re-used for investment in any VW plants in Saxony.

However, Günter Rexrodt, economics minister, made clear that an agreement would pave the way for VW to receive fresh subsidies for a gearbox plant in another German state.

Brussels - which has already examined and

approved the proposed subsidies to the plant in Hesse, western Germany - is refusing to allow them to be released until the Saxony dispute is resolved.

Commission sources said yesterday that provided the commitment from Bonn regarding the Saxony aid was received, Mr Van Miert might take a parallel decision in two to three weeks' time to approve the Hesse subsidies.

A spokesman for the Saxony government said: "We are happy that things seem to be coming very close to a solution."



Victim number three: Zoran Todorovic with President Milosevic's wife Mira Markovic last month

Another Milosevic aide is shot dead

A prominent Serbian politician and businessman was shot dead in Belgrade yesterday. He is the third close associate of Yugoslav President Slobodan Milosevic's family to be assassinated this year.

Writes Guy Dinmore in Belgrade.

Zoran Todorovic was gunned down as he got out of his car outside the offices of Beopetrol, an oil company where he was recently appointed director.

Apart from his numerous business activities Mr Todorovic was secretary-general of the Yugoslav United Left (JUL), a neo-communist alliance led by Mr Milosevic's wife, Mira Markovic. The two were close friends.

Mr Todorovic, known by his nickname Kinkad (Riflebutt), was the latest victim in a series of unexplained killings linked to the ruling family. General Radovan Stojicic, then acting interior minister, was shot dead in a restaurant in April. Two months earlier Vladimir Kovacevic, a business associate of Mr Milosevic's son Marko, was killed in an underground car park.

Swiss to halt bribes tax break

By Jimmy Burns

International efforts to clamp down on corporate corruption have been boosted by Switzerland's decision to stop allowing a tax deduction for bribes to foreign officials.

Professor Marc Pieth, Swiss chairman of the OECD's working group on the issue, said the decision should have a highly symbolic effect.

The Swiss government

said on Wednesday it would back legislation to end the tax breaks.

"The Federal Council (cabinet) views the paying of bribes as reprehensible. Corruption damages trust in the administration and in the state and must be fought. Such behaviour cannot be rewarded with a tax break," the finance ministry said.

According to Swiss officials, changes to tax legislation will take about a year to enact.

This week's move follows unfavourable publicity generated by recent reports linking Swiss companies to the alleged bribery of officials in Pakistan under the Bhutto administration.

The Swiss government has also said it will make the bribing of foreign officials a criminal offence, provided other OECD countries do too.

"The way we act on this will depend on how other leading OECD countries act.

We believe that legislation should be harmonised," an official said yesterday.

The OECD wants member states to sign a binding convention on corporate governance in December.

Negotiations on the convention began in July. Some legal experts have pointed to the difficulties of implementing legislation across all the OECD's varied members, although others want leading industrialised nations to take the lead.

Milan airport switch irks European airlines

By Paul Betts in Milan

The Italian government yesterday ordered all international carriers to switch from Milan's Linate airport to the city's new Malpensa terminal by the end of next October.

The move will involve nearly 450 flights and about 11m passengers a year.

Ten European carriers led by British Airways, KLM, Lufthansa, Air France, and Sabina say the switch is discriminatory and anti-competitive. They are planning legal action in Italy and the European Court of Justice.

All flights except the Milano-Rome shuttle will have to transfer to the L2,000m (\$1.6bn) Malpensa terminal now under construction.

Malpensa, due to become Italy's northern air transport hub, is 45km from the city centre. Linate is only 8km from the centre. A taxi ride to Malpensa costs £120,000 (\$70) compared with about £30,000 (\$17) from Linate. New road and rail infrastructure programmes, including a Malpensa Express railway are still on the drawing board.

The government justified its decision by claiming that

the Milan area badly needed a new international hub, especially since Linate had become one of Europe's most congested airports. Equipped to handle 8m passengers a year, it is currently used by about 13m. It has only one runway, is regularly hit by fog, and has no room to expand because of its proximity to the city.

When completed in 2000 the Malpensa terminal will be able to handle 18m passengers a year plus 6m passengers whom the airport's old north terminal can already handle.

But European airlines say the move is discriminatory and will damage them at the expense of Alitalia, the Italian national carrier.

The new rule stipulates that only flights generating at least 2m passengers a year will be able to serve Linate. This will reduce Linate's operations to the single Milano-Rome shuttle because it is the only service which meets this level. The second busiest route is London-Milan with about 1m passengers a year.

Apart from the cost of transferring operations to Malpensa, European airlines risk losing out significantly on traffic they pick up in

Linate to feed into intercontinental flights from international hubs such as London, Paris, Amsterdam or Frankfurt.

At the same time Alitalia will be able to continue feeding its Rome hub from Linate, the airlines claim. Alitalia will also enjoy a dominant position at Malpensa, where all international traffic, both European and intercontinental, as well as Italian regional traffic will now be concentrated.

European airlines say another ground for a legal challenge is that there is no reason why all international flights should switch to Malpensa when Linate has capacity for 8m passengers.

Airlines have offered to move some flights to Malpensa but not their entire operation.

American and east Asian carriers already have to use Malpensa, which currently handles about 3.8m passengers a year.

They support the new airport project because they want to see a big increase in traffic volumes at Malpensa to capture some of the Italian intercontinental business which now escapes to other European hubs via Linate.

NEWS DIGEST

Inflation falls in Germany

Inflation in western Germany dipped further in October to an annual rate of 1.7 per cent, according to provisional figures yesterday from the federal statistics office. That compared with 1.8 per cent in September.

The latest figures suggest inflationary pressures, which prompted a rise in short-term interest rates by the Bundesbank this month, have moderated since the summer. However, the upward trend could resume if the D-Mark weakens or labour costs accelerate as a result of the "end to wage moderation" demanded by some union leaders and opposition politicians.

Ralph Atkins, Bonn

SAN FRANCISCO POWER CUT

FBI investigates sabotage

The FBI's counter-terrorism task force is investigating a huge power failure in San Francisco on Thursday morning that plunged the city into darkness, disrupting traffic and interrupting commerce for three hours. "It does not appear to have been an accident," the FBI said. Although equipment failure has not been ruled out, the FBI's involvement reflects suspicion of tampering. The power failure came a day after the White House warned of "cyber threats" from computer hackers and hostile powers that could shut down essential services.

Louise Kehoe, San Francisco

BRAZILIAN PRIVATISATION

Bank stake to be auctioned

The Brazilian government will sell 75.6 per cent of Banco Meridional on December 4 for a minimum price of R\$172.95m (US\$157.3m), the central bank said yesterday. The bank, based in the southern state of Rio Grande do Sul with assets of R\$3.5bn, will be the third to be privatised this year.

Meridional was removed from the privatisation programme last year after attempts to sell it failed. This time there is understood to be interest from foreign and local buyers, who have until November 5 to register for the auction.

Jonathan Wheatley, São Paulo

AID FOR VIETNAM

China to pledge \$205m loans

China is expected to pledge \$205m in soft loans to Vietnam in its biggest concessionary finance package to its former foe since relations were normalised in 1991.

Visiting deputy prime minister Wu Bangguo is to sign an agreement covering \$25m in soft loans for a series of projects that will be agreed with Hanoi later, the Chinese embassy said.

Beijing will also provide a \$170m loan for the expansion of the Thai Nguyen steel factory, a huge facility north of Hanoi built with Chinese aid in 1959.

Relations between the neighbouring communist countries have for decades ranged from mutual suspicion to outright hostility, resulting in a brief border war in 1979.

However, China has stepped up economic activity in Vietnam in recent years and ranks 21st among foreign investors with 48 projects licensed worth \$87.8m. Two-way trade is growing and rail links were re-opened last year. The current loans were proposed in 1992, shortly after diplomatic ties were re-established, but it has taken five years for the two sides to reach agreement on terms. The Chinese embassy said the two sides were discussing a third facility, a \$110m export credit provided by the Bank of China for a more than \$200m urea plant in northern Vietnam.

Jeremy Grant, Ho Chi Minh City

STEEL SUBSIDIES

British Steel loses appeal

A European Union court yesterday rejected an appeal by British Steel and other steel companies against state support for rivals in Germany, Italy, Portugal and Spain.

In three separate cases, British Steel, supported by Germany's Thyssen Stahl and Prussag Stahl and Dutch Hoofters Groep, and a group of smaller steelmakers, challenged six 1994 European Commission decisions approving the aid.

At the time the EU executive cleared government aid of up to Ecu5.9bn (\$6.6bn) for restructuring state-owned steel companies with a view to their privatisation.

This cleared the way for German aid to EKO Stahl and Sächsisches Edelmetallwerke, Portuguese aid to Siderurgica Nacional, Spanish aid to Corporación de la Siderurgia Integral (CSI) and Italian aid to Ilva.

At the time, Europe's steel industry was in deep crisis and the companies concerned were heavily indebted. The Commission's decisions were part of a long-term plan for restructuring the industry.

Reuters, Brussels

EU-MEDITERRANEAN TIES

Morocco cancels meeting

Morocco has cancelled a European Union-sponsored meeting on industrial co-operation, fearing the participation of Israel would jeopardise its relations with Arab states.

The meeting - the second Euro-Mediterranean Ministerial Conference on Industrial Co-operation - was scheduled to take place next week. A European Commission official said yesterday: "It's quite clear the Arab states are more than disappointed with the slow pace of the peace process and with the policies" of Benjamin Netanyahu, the Israeli prime minister.

The conference was one of several follow-up meetings within the framework of the Barcelona process, which was set up in November 1995 to establish political, economic and security partnerships between the EU and the Mediterranean region.

Judy Dempsey, Jerusalem

LEGAL NOTICES

No. 000210 of 1997

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF

MORGAN GRENELL

INVESTMENT FUNDS LIMITED

- and -

IN THE MATTER OF THE

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NOTICE IS HEREBY GIVEN that the

Order of the High Court of Justice

(Chancery Division) dated 26 October 1997

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- and -

IN THE MATTER OF THE

COMPANIES ACT 1985

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South Korea's credit rating is lowered

By John Burton in Seoul

South Korea's sovereign rating yesterday was cut by Standard & Poor's, the US credit agency, as its currency fell to a record low and the Seoul bourse suffered its biggest ever one-day loss.

The decision by S&P to reduce Korea's long-term foreign currency debt rating to A+ from AA- helped cause the stock market to fall by 5.5 per cent to 570.91 points and the currency, the won, to plunge to 228.50 to the US dollar.

The rating downgrade represents a blow to the government's plans to prop up the ailing bank system and leveraged corporate sector with the help of foreign loans at favourable rates.

The credit rating for Korea has been one of the highest in Asia since S&P gave it a AA- rating in May 1996.

"The downgrade of the foreign currency ratings reflects the escalating cost to the government of supporting the country's ailing corporate and financial sectors," said S&P in a sharp criticism of the nationalisation of the troubled Kia motor group this week and the rescue of Korea First Bank last month through an equity stake.

The downgrade reflects the escalating costs to the government

The government intervention "intensifies further the financial health of the public sector with that of the private sector" and would lead to the "diminished ability of investors to distinguish between the credit risks" of the two sectors.

S&P added that "longer-run economic consequences" of government intervention "are unambiguously negative" by setting back efforts "to find market-based solutions to the high leverage and evident inefficiencies of the banks and chaebol", the giant Korean conglomerates.

It warned that Korea's debt problem could worsen next year since economic growth could slow to 5 per cent or less, the slowest since 1980, because of declining share prices, pressure on the won, political uncertainty with the election of a new president, and waning consumer confidence.

S&P estimates that bank lending to the corporate sector amounts to 130 per cent of gross domestic product, up from 90 per cent in 1990. Total corporate debts are almost 200 per cent of GDP. A government bail-out of the corporate and banking sectors could amount to 20 per cent of 1997 GDP, which would double the government's total debt burden, estimated at 19 per cent of GDP this year.

South Korean Won

Against the dollar (Won per \$)

Source: DataStream/FT

200 180 160 140 120 100 80 60 40 20 0

Jan 1997 Oct

Source: DataStream/FT

Relief, not despair, prevails in Hong Kong

By John Riddling in Hong Kong

The champagne glasses were only a quarter full. But there was little thirst for celebration. The debut of China Telecom, Hong Kong's highest valued company, could scarcely have been worse-timed, set to launch on Thursday amid the collapse of the territory's market.

As traders in red jackets took their terminal seats,

worthies from Hong Kong's financial community and Chinese telecom executives toasted the US\$1bn debut. Outside, the heavens opened. Inside, the shares plunged 10 per cent.

Given the meltdown in the territory's markets, that was not a bad performance. In any event, Beijing's flagship issue had by then become a sideshow in the battle for the Hong Kong dollar, the last fixed exchange rate in

the region and a bastion of stability amid east Asia's financial crisis.

The titanic tussle to defend the peg to the US dollar, and the rocketing interest rates required to hold the line against speculators, had already driven the stock market down almost 14 per cent by Thursday. As panic mounted, shares dropped a further 15 per cent by mid-afternoon. A belated rally did little to calm nerves, as

little Hong Kong shook Wall Street, Loodoo and most points in between.

"I can't remember seeing panic like this," said Kent Rossiter, senior manager of equities sales at Nikko Securities. Should the peg collapse, many feared Hong Kong's prospects as a financial centre would follow with it.

Not all were shaken. Donald Tsang, Joseph Yam and Rafael Hui, the territory's

three financial musketeers, adopted an air of studied sang-froid in a post-collapse briefing. "The speculators arrived some time last night," said Mr Tsang. "I had a reasonably busy night."

Mr Yam, the head of the Hong Kong Monetary Authority, displayed his "make my day" style, noting it would be "interesting" to see the rates at which speculators would have to pay back the dollars they bor-

rowed for their assault.

Nor was the public as rattled as was feared. Customers at the remittance window at Hongkong Bank were mainly foreign. "There were a lot of people seeking to cash in time deposits," said K.C. Kwok, chief economist at rival Standard Chartered. But his guess was they were attempting to take advantage of the crisis, seeking higher-rate Hong Kong dollar accounts, rather than

pushing their funds into the greenback.

Yesterday, such sang-froid seemed to be justified. The Hang Seng bounced back. China Telecom jumped HK\$1.6 or 15 per cent to close at HK\$12.15, restoring pride to the "red chip" sector. Relief rather than confidence, however, remained the order of the day. Editorial Comment and Feature, Page 6; World Stocks, Page 21; Lex, Page 24

Monetary authority passes test Washington officials on new state of alert

By John Riddling and Louise Lucas in Hong Kong

"An interesting day, not too exciting," said Donald Tsang, with studied understatement. Hong Kong's financial secretary was speaking after the stock market closed on Thursday with one of its biggest ever falls.

Yesterday his calm demeanour appeared more consistent with events. The stock market had climbed almost 7 per cent, after falling 23 per cent since Monday, and overnight interest rates, which had soared above 200 per cent on Thursday, had dropped to less than 10 per cent.

As the dust settled after the fierce battle for the Hong Kong dollar, a few facts seemed clear: Hong Kong had weathered the immediate crisis; there could well be further assaults on the currency; the territory's post-colonial leaders were willing to exert pain to preserve the peg; and the Hong Kong Monetary Authority (HKMA), the de facto central bank, had emerged with its tough reputation intact.

The People's Bank of China (PBOC), the central bank in Beijing, is understood to have been heartened by the HKMA's handling of the crisis. "They have shown they are very

experienced," according to one senior PBOC official.

The PBOC has pledged to use some of China's \$130bn of foreign exchange reserves if called on by the HKMA to support the currency, but the central bank insists it will not intervene to support the stock markets.

"It would be unwise to assume this is all over, but the signs are that this attack has been repulsed," said John Mulcahy, managing director of Indosuez W.I. Carr. "Hats off to the HKMA."

Others were generally positive on the handling of the crisis. "After some initial uncertainty they played a very decisive hand," said one fund manager. "They squeezed liquidity right out of the money markets and let shares fall."

The strategy was familiar. In previous assaults the HKMA had sought to deliver a short, sharp shock. This time the shock was particularly sharp.

"They basically bought out all of the interest rate maturities," said Mr Mulcahy. "Three month forward rates were up to 3,000 per cent."

Tough action, said several commentators, demonstrated how far the territory's financial management had come in the past 10 years, when the decision to close the stock exchange during the



Donald Tsang: 'An interesting day, not too exciting'

1987 crash drew the scorn of the international financial community. "It was seen as the wild west then," said one local trader. "It is still pretty wild. But they stick to the rules."

China's role in the territory's first financial crisis since July's handover was also well received. "They didn't lose their nerve. They didn't clear they would provide funds if needed. But apart from that they left Joseph Yam [head of the HKMA] and Donald Tsang alone," said one diplomat.

There were, however, unanswered questions. Reports from market traders suggested the government

had been using fiscal reserves rather than its exchange fund to intervene in the currency market. Since the use of fiscal reserves is subject to less stringent disclosure rules, this would have helped disguise the extent of support for the dollar. Officials declined to comment, except to say they used some of the US\$30bn forex reserves during the crisis.

"I would have preferred it if they had made some statements with respect to volume, and to who was doing the buying and selling," said Steve Thompson, chief analyst at Nikko Research Centre.

By Gerard Baker in Washington

As world financial markets tumbled this week, officials in Washington moved into a new phase of alert, anxiously considering the policy implications of the spreading Asian crisis.

At the heart of the world's largest economy, with the most open and liquid financial markets, the US authorities are forced to take a global perspective; the smallest change in interest rates by the Federal Reserve reverberates across the globe, raising the vulnerability of US financial markets to a sudden shock. In addition, the systemic risk of contagion spreading to Asian financial markets is large enough to promote concern in Washington.

Both these factors suggest the Fed may need to take an accommodating approach to policy for the time being. But this is the nub of the central bank's dilemma. It is impossible to know whether these effects will seriously damage the US economy and financial system. But what is certain is that the US economy has been growing, strongly,

and the impetus that has given to the region's slide, has raised the potential damage to the US. If there is a sharp reduction in economic growth in Asia, as some US economists believe is increasingly likely, US exporters will suffer. One third of all US exports go to member countries of the Association of South East Asian Nations (Asean). The likelihood is that the large US current account deficit will quickly grow even larger. That will increase the US dependence on inward capital flows to finance the deficit, raising the vulnerability of US financial markets to a sudden shock. In addition, the systemic risk of contagion spreading to Asian financial markets is large enough to promote concern in Washington.

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Thailand names finance minister as election nears

By Ted Bartolucci in Bangkok

The Thai government yesterday selected Kosit Panniemras, executive vice president of Bangkok Bank, as the country's finance minister. The government also announced it would be ready by the end of the year to set a date for elections.

The selection of Mr Kosit, 54, a former minister in the agriculture and industry portfolios in the 1980s, together with the announcement of an election, is likely to ensure that the prime

minister, Chavalit Yongchaiyudh, remains in office though does little to restore his flagging credibility.

Street demonstrations calling for the premier's ouster waned as it became clear he would be successful in putting together the new cabinet. Selection of a finance minister had been hampered by the refusal of several bankers and technocrats to take the job for such a short time at a moment of extreme political and economic turbulence.

The coalition's second largest party, Chart Pat-

tana, appeared to accept the make-up of the new cabinet.

The cabinet reshuffle was less wide-ranging than promised and several unpopular cabinet ministers remain. Narongchai Akraane, former head of the suspended finance company General Finance, was replaced at the commerce ministry by Som Jatusitakul, president of financial troubled Siam City Bank.

The announcement that an election date, likely to be in early 1998, would be set by the end of this year stamped out speculation

that Mr Chavalit would call snap elections to break the impasse his government suffered this week. The elections will be held under the new reformist constitution for which supplementary legislation will be passed in November.

The immediate task facing Mr Kosit, the third finance minister of Mr Chavalit's 10-month-old government, is to find someone willing to chair the newly established Financial Restructuring Agency. The agency will be in charge of the politically sensitive job of liquidating

bankrupt finance companies. At the same time he must either raise revenues or cut spending to meet targets set by the International Monetary Fund.

His predecessor at the finance ministry, Thanong Bidaya, cited the difficulties in implementing these two items for a government that lacked both domestic and international credibility as the reason for his decision to quit last week.

Mr Kosit also must placate foreign bankers who hold the key to Thailand's short-term liquidity prob-

lem. In a statement, the Foreign Bankers Association said: "If the current withdrawal of liquidity is to be reversed... creditors of suspended finance companies should be given a detailed explanation of how and when their loans are to be repaid."

● In a rare public criticism of the internal affairs of another south-east Asian nation, Singapore's Senior Minister, Lee Kuan Yew, said yesterday the personal financial interests of Thai politicians were partly to blame for Thailand's ongoing financial crisis. "Many Thai leaders in government and opposition have personal interests in the fate of finance companies and banks, hence a natural reluctance to discipline them," Mr Lee said.

Many south-east Asian countries which have been victims of a crisis triggered by Thailand financial woes have said their economic fundamentals were sound, unlike Thailand's. But the mention of personal interests of government officials takes the criticism to new heights.

Commonwealth waves big stick at recalcitrant Nigeria

Regime may have second thoughts about quitting, write David Buchan, Michael Holman and David Wighton

The 54-nation Commonwealth is today expected to endorse a threat to boycott Nigeria's oil, to cut air links and freeze its financial assets if the military regime fails to hold elections and restore democracy to the African state by October next year.

But the failure of the Commonwealth summit, which opened in Edinburgh yesterday, to back its criticism of human rights policy in Nigeria with immediate sanctions evidently gave the regime second thoughts about quitting the international body. The government of General Sani Abacha had indicated earlier this week that it might quit the Commonwealth.

A report by the Common-

wealth Ministerial Action Group (CMAG), to be discussed today, holds out the prospect of severe sanctions next year if Gen Abacha does not stick to his timetable of October elections, or milder measures earlier. The plan would not, however, commit individual states to adopting the measures.

"Nobody is saying that we just sit around and give Nigeria another year," claimed Robin Cook, UK foreign secretary, yesterday. He said he hoped the summit would give the CMAG group, composed of eight foreign ministers, authority to recommend a downgrading of links with Nigeria before next October if the group felt it necessary to escalate pressure on the Abacha regime.

But Robert Mugabe, president of Zimbabwe, appeared to speak for most African countries in stating "we must give Nigeria more time".

Earlier, in a meeting with Tony Blair, UK prime minister, Mr Mugabe asked Britain to fund the redistrib-

ution to black farmers of 500,000 hectares of white-owned farmland. Under a British-funded scheme worth some £30m (£48.6m), which was part of the 1979 Lancaster House settlement which ended the guerrilla war for independence, nearly 60,000 black

families were resettled on what was formerly white land.

However, the resettlement programme has fallen far short of redressing a colonial legacy which left most of the best farmland in the hands of what was then a 250,000-strong white minority.

These gases, including carbon dioxide from fossil fuels, are believed to account for the bulk of a problem which threatens the world in general, but the low-lying islands of the Pacific in particular, with a dangerous rise in sea levels. "We will have nowhere to run," said President Tito.

Before leaving Zimbabwe to attend the summit, Mr Mugabe warned that his government was prepared to expropriate white farms and distribute the land to black farmers.

Oppeing the first Commonwealth summit to be held in Britain for more than 20 years, Mr Blair said his new Labour government was more committed to the international body than his previous government.

Mr Blair said the UK planned to make use of its "pivotal" position next year in chairing the European Union and the Group of Eight industrialised countries to ensure greater weight for Commonwealth views and to turn it into an association for "democratic

and economic freedom" for the 21st century.

Queen Elizabeth, who has attended every Commonwealth summit of her 44-year reign, was yesterday given her first chance to address the opening ceremony. She noted the extraordinary diversity of membership and lauded the fact that "the developed and developing meet here on equal terms".

Ironically, the higher profile given the Queen at this summit coincides with fresh controversy over the monarchy's continued role as the head of the Commonwealth. Comments by senior members of the secretariat suggested there was nothing automatic about her heirs remaining at the head of the association.



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NEWS: INTERNATIONAL

Pro-government parties claim landslide win

Opposition scorns Algeria poll result

By Fouad Khelaf
in Algiers

Pro-government parties won a landslide victory in strifetorn Algeria's local elections, the interior ministry announced yesterday. But opposition parties immediately disputed the result and the 66 per cent turnout claimed by the government in Thursday's poll.

Opposition supporters who attempted to stage a public protest yesterday were dispersed by the police. The 100 protesters led by the Rally for Culture and Democracy, which came sixth according to official results, were outnumbered by policemen. The protesters, demonstrating in Mouradia, near the presidential palace, were told a public gathering required prior authorisation.

The National Democratic Rally (RND), a government party set up earlier this year, won more than half the 13,125 local council seats and half the 1,890 seats in provincial assemblies. The party won the largest share of the vote in June's legislative elections, in which the opposition claimed massive fraud.

RND was followed by the National Liberation Front (FLN), which had gone into opposition after the army's cancellation in 1992 of elections that the Islamic Salvation Front (FIS) was about the win but which has since



Zeroual: appointments

returned to the government fold. The FIS is banned and representatives called for a boycott of the vote.

The elections were the last step in the army-backed government's plan to rebuild elected institutions within a framework that ensures no opposition party can challenge its rule. Two-thirds of the upper house created by a constitution voted in last year will be drawn from the local and provincial councils, with the remainder appointed by Liamine Zeroual, the president. The upper chamber will thus be overwhelmingly dominated

by pro-government parties, which already dominate the lower house.

The government proved on Thursday its ability to organise elections despite the violence that has rocked the country since 1992, including massacres of civilians in the last few months on the outskirts of Algiers.

Opposition parties, however, said the authorities' persistence in falsifying results and claiming high turnouts was increasing Algerians' alienation from the regime.

"The turnout rates have nothing to do with reality," said Noureddine Ait Messoudine, an official of the Movement for a Peaceful Society, a legal Islamist party which came third in the elections.

"Elections are always rigged. We know that and we have not reached the stage where elections truly reflect reality. The authorities are doing nothing to re-establish trust between those who govern and those who are governed."

Opposition parties' complaints began long before voting day, with denunciations of administrative bias towards the RND.

Some parties yesterday produced reports of vote counts obtained by their observers in voting stations which sometimes gave their parties double the votes recorded in the official results.

Saudi Arabia confronts the new

Robert Corzine on pressing social issues facing the world's biggest oil exporter

Saudi Arabia is sometimes described as a tribal society grafted on to a 21st century infrastructure. Sitting on carpets in front of a traditional wooden tent at a princely retreat in the desert outside Riyadh, the Saudi Arabian capital, one could easily find the description apt.

A stream of visitors stops by to chat and sip cardamom coffee or sweet tea prepared around a log fire, in much the same way as generations of desert dwellers on the Arabian peninsula have done.

But the traditional trappings now sit alongside a panoply of modern conveniences. Widescreen colour TVs set up in the open air show football matches, while telephones nestle among the pillows scattered on the carpets. Outdoor air conditioning and humidifiers powered by a diesel generator stand ready to cool visitors, although the unseasonable rains that lowered temperatures in Riyadh this week have made their use unnecessary. It is in such informal settings that much of the kingdom's business is done.

So what are the burning issues confronting the world's biggest oil exporter? For many the big test will be whether Saudi Arabia manages to move from an all-encompassing and heavily subsidised welfare state to a modern market-driven economy without triggering political unrest.

Oil revenues have provided a cushion against the economic realities of the outside world, with citizens con-



Old meets the new: a highway from Riyadh carves through the desert kingdom's landscape

set by a comprehensive system of government jobs and subsidies. But not even the kingdom's oil wealth will be able to contain a population explosion that over the next few decades will see the population of about 18m double.

Ministers increasingly refer to the "public-private sector partnerships" that they hope will create new businesses to absorb a wave of youthful job seekers. But some private businessmen and foreign diplomats wonder whether the government is committed to privatisation and economic reform.

Some doubt that the establishment is prepared to see its access to the revenues of

state companies cut off, while others fear that privatisation could simply lead to the transfer of state assets to a few individuals.

Although higher oil prices over the past two years have boosted overall confidence, the non-oil economy remains fragile, with real growth this year estimated by diplomats at only 1-2 per cent.

That, says one western observer, will make it hard for the government to reduce consumer subsidies, although this week it signalled a "modest" increase in electricity prices to put the industry on a commercial footing.

But some Saudis say such a step would be politically

unwise. They argue for higher taxes on luxury goods, such as imported cars and perfumes, before putting an additional burden on rank and file citizens, many of whom have seen their real incomes fall in recent years.

Some observers, such as Kevin Tackler, chief economist at Saudi American Bank in Riyadh, argue that the very youthfulness of the country will be a potent force driving forward economic change. Other observers are not so sure. "Saudi wage rates will eventually have to come down," says another economist. "This isn't 1981, when the government could spend

anything it wanted to provide jobs."

Change comes slowly in Saudi Arabia, but the message of greater self-reliance appears to be seeping even into the higher echelons of Saudi society.

One member of a prominent family this week noted that his younger relations were increasingly taking ordinary jobs rather than relying on their position in society or parents' wallets.

"One of my cousins is a computer whiz in a bank," he said. "And I'm telling my lady cousins not to marry just for money. That can easily disappear. They should look for a husband who can make something of his life."

Religious groups take fright over Hallowe'en festivities

On October 31, when families across the US will be preparing for the annual sweets pilgrimage known as "Trick-or-Treat", Terry Mattingly of Tennessee will pull down the blinds, turn out the lights and lock his front door.

"We make it clear that we're not in business for Hallowe'en," says Mr Mattingly, communications professor at Milligan College. For him, the important celebration will take place the next morning, when his children will dress up as Biblical characters and the family will head for church.

A rapidly growing movement in the US sees Hallowe'en as an affront to religious values. Sweets manufacturers say an estimated 7 per cent of Americans will shun holiday customs this year. The internet is flooded with sites condemning the festival as a

demonic "witches' holiday", and Pentecostal ministers encourage their congregations to participate in "alternative" celebrations that include a trip to church.

The issue is moving more visibly into the public arena. In Los Altos, California, last year a group of parents insisted that local schools ban traditional Hallowe'en rituals, including a costume parade and pumpkin carving. The school board voted to maintain the festivities but is now under threat of a lawsuit claiming violation of religious rights.

In Asheville, North Carolina, a group wanting to stage a "witch's gathering" is battling with local churches over the right to use the public green on October 31.

Until the 1980s Hallowe'en was largely seen as an innocuous rite for

children. Historians believe the holiday is rooted in an old Celtic festival honouring the dead and the Catholic All Saints' Day. Different European traditions mixed in the US to form the hodgepodge that is now Hallowe'en.

Over the years links to witch and goblin themes have faded, and most American children now outfit themselves as popular movie characters. One of this year's favourites is expected to be Walt Disney's version of Hercules.

Yet the ballooning popularity of Pentecostal religions has bred animosity to the celebration. Followers believe evil forces are especially powerful on October 31.

One religious site on the internet offers tips on how to recognise witches. "Tell-tale" signs include wearing a great deal of black clothing and owning

cats. Adding to religious ire, the holiday has become more adult-oriented in recent decades, often featuring raucous costume parties and heavy drinking.

Growing commercialisation of Hallowe'en has also raised the festival's profile. Americans spent \$960m last year on sweets for Trick-or-Treat, according to the National Confectioners Association. Vendors earn a small fortune, as well, on costumes, decorations and entertainment.

While October 31 is not an official holiday, it is one of the most widely celebrated in the US; most parents consider the demands of Trick-or-Treat a perfectly acceptable excuse to bow out early from the office.

Given the prominence of Hallowe'en,

many who do not approve have adopted an "if you can't beat them, join them" philosophy. According to the Baptist Convention, at least 300 of its churches sponsor "Judgment Houses", a version of the "haunted houses" traditionally popular at this time of year. Instead of spider webs and eerie laughter, viewers are dish up imaginary scenes of the tortures awaiting sinners in Hell.

For some, alternative celebrations are simply not enough. Real fears of demons and witches mean that police departments across the country are swamped by allegations of stolen children for use in black magic sacrifices. In Salem, Massachusetts, which calls itself the "witch capital of the world", such complaints often reach fever pitch.

Some 2,000 self-proclaimed witches

live in the Salem area, which, as the site of some of the most notorious "witch trials" of the 17th century, has built a strong tourist industry around Hallowe'en. The town has so far sided with the witches. Salem invites covens to play star roles in its yearly "Haunted Happenings" celebration, which includes magic circles and fortune-telling.

According to the witches themselves, it is all perfectly harmless. "We don't worship Satan," says Terri Kalgren, a local witch. "Hallowe'en is merely a pre-Christian holiday when we pray to the god and goddess to give thanks and ask for help in the coming year. Let's face it: the main danger in Hallowe'en is that your kids will eat too much candy."

Victoria Griffith

ISSUE OF £2,000,000,000

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2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repaid at par on 7 December 2007.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 June 1997 (the last interest payment date of the Stock) to 30 October 1997 (the settlement date of this further issue) at the rate of £2.88014 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 December 1997.

National Savings Stock Register

5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions

6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest

7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping

8. The Stock is potentially stripable: paragraphs 6 and 7 of the Information Memorandum therefore apply. The Bank of England announced on 3 October 1997 that it is planned that the official gilt strips facility will be available from 8 December 1997 with trading on a when-issued basis being permitted from 1 December 1997. This will apply to 7 1/4% Treasury Stock 2007.

Methods of application

9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application
10. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £112 per £100 nominal of Stock.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON WEDNESDAY, 29 OCTOBER 1997; or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON WEDNESDAY, 29 OCTOBER 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 29 OCTOBER 1997.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Wednesday, 29 October 1997 and 10.00 am on Monday, 3 November 1997.

BANK OF ENGLAND

LONDON

21 October 1997

APPLICATION FORM FOR 7 1/4% TREASURY STOCK 2007

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate. TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND. We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 21 October 1997 and the Information Memorandum for Issues of British Government Stock dated 27 March 1997 as follows:

FOR COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the price bid plus accrued interest)
See notes (a) and (b) below.

Nominal amount of 7 1/4% Treasury Stock 2007 applied for:

Amount of Stock applied for Multiple
£500,000-£1,000,000 £100,000
£1,000,000 or greater £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

PLUS accrued interest at the rate of £2.88014 per £100 nominal of Stock:

Total amount payable per £100 nominal of Stock (excluding accrued interest):

Amount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST:

FOR NON-COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the non-competitive sale price, plus accrued interest, as defined in the Information Memorandum)
See notes (c) and (d) below.

Nominal amount of 7 1/4% Treasury Stock 2007 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock:

Sum enclosed, being £112 for every £100 NOMINAL of Stock applied for:

FOR CGO MEMBERS ONLY
CGO Participant Number

Name of Contact Telephone Number

REGULATED FINANCIAL INSTITUTIONS ONLY
(unless Section 3 applies)
Name of Regulator

Membership/Reference Number

Country/Territory of Regulator

THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CGO member or is an EEA regulated financial institution, and Section 3 or 4 has been completed)
Full name and permanent address of each third party:
FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet.

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 30 October 1997, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have assigned and reserved the benefit of the identity of such person on whose behalf I am/we are applying, and I/we will on demand make such evidence available to the Bank of England or the relevant supervisory authority.

SIGNATURE(S) of, or on behalf of, applicant

Date of, or on behalf of, applicant

DETAILS OF APPLICANT(S)

(If not the person(s) in section 8)
FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

NOTES

(a) A competitive bid may not be made by an applicant as agent for any third party unless the applicant is a member of the CGO or is an EEA regulated financial institution.
(b) Except in the case of members of the CGO Service who have completed Section 3, a CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10400001) for the credit of "New Issues" (Account number 58560009) quoting the reference "AUCTION", to arrive not later than 1.30 pm on Thursday, 30 October 1997. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint names of the applicant and one or more others) held with a bank or building society in the UK.

REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address

Postcode

Title Forename(s) in full Surname

Address

Postcode

Daytime Telephone Number (in case there is a query)

FOR BANK OF ENGLAND USE

Box No. 710

Transaction Number 167

New Account No.

Cert. Posted Date

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered on the National Savings Stock Register (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, in which case please tick the appropriate box.

NSSR

BELFAST

NOTE: For holdings on the Bank of England Register, interest payments on this Stock will be paid without deduction of United Kingdom income tax unless the box below is ticked. I/we request that tax is deducted from interest payments on my/our holding of this Stock.

(c) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues", and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The Bank of England reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(d) The procedure for any refund, or further amount payable, is set out in the Information Memorandum.

Proposals would save citizens the 'long and hard road' to redress in Strasbourg

European human rights brought into domestic law

By Liam Halligan, Political Correspondent

The UK government yesterday took the first step towards enshrining the protection of human rights by publishing a bill to incorporate the European convention of human rights into domestic law.

Under the proposals, those who believe the government or any other public body has violated their rights under the convention may seek redress through domestic courts, rather than the European Court of Human Rights in Strasbourg.

All levels of the British judiciary, from magistrates upwards, will be obliged to comply with the convention in making judgments.

Jack Straw, home secretary, said aggrieved citizens would "no longer have to tread the long and hard road" to Strasbourg - often a costly and lengthy process for which no statutory financial help is available.

Sir Brian Mawhinney, shadow home secretary, said the bill "undermined" the sovereignty of Westminster. He said decisions would be made on the basis of the views of about 40 European judges "where there is no degree of unanimity across Europe".

Sir Brian also criticised the joint publication of the bill with the consultative white paper. Bills, which set out the government's legislative proposals, generally follow white papers with a

delay of several months, during which the plans are scrutinised.

Mr Straw said "ignorance of the facts" drove this view. "There is nothing in this bill which tells parliament what to do or what not to do," he said. He said that while judges would not be able to "strike down" existing laws where they conflicted with the convention, there would be a new "fast track" for amending legislation.

Mr Straw said senior parliamentarians would ensure future legislation did not violate the European convention, with bills being analysed by a joint committee of MPs and peers.

Civil liberties campaigners had been urging for that function to be carried out by

an independent human rights commission with statutory powers - a provision not made in the bill.

But draft legislation was nevertheless welcomed by Liberty, a human rights pressure group. "This is the most important day in our 60-year history," it said.

Many judges and lawyers believe incorporation will lead to a privacy law in Britain, as a body of case law is established through the courts.

That possibility was acknowledged by Mr Straw, although he stressed that it would be balanced by the convention article which guarantees freedom of expression.

Editorial Comment, Page 6



Rights issue: Jack Straw displays the bill at Westminster

One-currency decision 'after next election'

By Robert Peston, Political Editor

Gordon Brown, the chancellor, will say in a parliamentary statement on Monday that the UK is preparing to participate in European monetary union after the next general election. The statement is intended to end weeks of damaging uncertainty about Emu policy.

However, Tony Blair, the prime minister, and the chancellor are under intense pressure from big British companies to disavow recent Treasury briefings that they would categorically rule out sterling's membership of a single currency for the lifetime of this parliament.

"It is unnecessary and potentially harmful to the UK's business and economic interests to totally exclude the possibility of entering from 2001 onwards," said Adair Turner, director-general of the Confederation of British Industry, representative of big companies.

There will be a last-ditch attempt by industry leaders over the weekend to persuade Mr Blair through private channels to leave open the theoretical possibility of joining Emu at any time after 1999.

A minister said, however, that although the government understood the concerns, the statement was likely to be "unambiguous" in deferring any decision until the next parliament.

There may be an implication that the government would like to join around 2002, when notes and coins are converted into the new currency. However, this is unlikely to be made explicit. The statement will also be important in that it will be the first time that the government has explicitly said that it is exercising the UK's right to opt out of first wave Emu membership.

Wolfgang Münchank writes: Sir Leon Brittan, the UK's senior European commissioner, has warned that the government would jeopardise its aspirations of leading in Europe if it ruled out participation in Emu during this parliament.

Sir Leon told a London conference organised by the Royal Institute of International Affairs: "Seen from Brussels, the recent turn of events in London has undermined not only the government's credibility in the markets but also its aspirations to leadership in Europe."

Eddie George, governor of the Bank of England, the UK central bank, said countries which stayed outside Emu "should not attempt to exploit any perceived, and certainly short-term, advantage from the additional policy freedoms they might have on the outside". He said the outsiders should "persist in macroeconomic, fiscal and monetary discipline in parallel with the Emu countries".

Growth puts more pressure on rates

By Robert Chote, Economics Editor

The British economy continued to grow strongly in the third quarter of the year, suggesting the Bank of England might feel it has to raise interest rates again soon to keep inflation down.

Excluding oil and gas extraction, output of goods and services increased by 0.9 per cent in the third quarter, said the Office for National Statistics.

The economy has for a year been growing well above the 0.6 per cent or so a quarter it can sustain without inflationary pressure. Output is 4 per cent up on its level a year ago.

Since the end of the recession, growth in the service sector has been half as strong again as in industry. But in the latest quarter, the service sector grew 1 per cent - the slowest rate for a year.

The Bank's monetary policy committee meets next on November 5 and 6, with analysts predicting that rates will rise from their present 7 per cent.

Since the end of the recession, growth in the service sector has been half as strong again as in industry. But in the latest quarter, the service sector grew by 1 per cent - in line with the rest of the economy and the slowest rate for a year.

Within the service sector, distribution, hotels and catering expanded by 0.8 per cent. Business services remains the most buoyant sector of the economy. "It would be unwise to raise rates when services - the strongest part of the economy - is slowing and slower growth is on the horizon," argued Simon Briscoe, economist at Nikko Europe, the investment house.

Police probe fraud in training centres

By Richard Wolfe, Midlands Correspondent

Allegations of widespread fraud among training companies emerged yesterday as the government took steps to close down a training and enterprise council at the centre of a £1m (\$1.62m) fraud inquiry.

A special team of financial investigators has identified 20 cases of alleged fraud across the UK. About half the incidents - many involving more than £1m - have been passed to the police.

Some allege that Tecs paid

companies to teach non-existent trainees, while others claim that training for the unemployed was given to people who were already in work.

The government warned yesterday that fraud and poor financial management among Tecs threatened to undermine the accounts of the department for education and employment.

Kim Howells, education and employment minister, said the government would adopt a "zero tolerance" policy on financial irregularities. "I want to see Tecs

doing everything possible to strengthen standards of financial control," he said.

The fraud investigations pose a substantial problem for Tecs, at a time when the government has yet to define their new role in regional development and training.

Central England Tec, based in Redditch, faces closure after the government revealed claims that an unnamed training company placed employed people on courses designed for the long-term unemployed. The training company, which has contracts with several Tecs

across the country, is now being investigated by police fraud officers.

Government officials in the West Midlands said they were likely to reclaim more than £1m paid by the Tec.

David Ritchie, regional director of the Government Office of the West Midlands, said: "This is desperately serious. This is money that should have been going to trainees who needed it."

Central England Tec, which vigorously disputes the fraud claims, has three weeks to convince the government it should survive.

Roddy Skidmore, chief executive, said: "Certain irregularities have come to light, and we are using all of our best efforts to carry out further investigations. We are all taking it seriously, but we are not considering it as a fraud issue."

In a letter to Tec chairman, the government yesterday warned that failures in financial management had worsened across the country. Apart from the fraud inquiries, financial errors and "irregular payments" are expected to double this year to about £17m.

Italians hit back at report on soccer violence

By Jimmy Burns

Italian authorities responded angrily last night to an official English Football Association report into the violence surrounding the England-Italy World Cup qualifying tie.

The 50-page report into the October 11 game in Rome blames a combination of administrative chaos and police intimidation of English fans for violence before and during the match.

It plays down the behaviour of some English fans as a contributory factor to violence that led to bloody clashes, damage to property, and dozens of arrests.

The Italian authorities have yet to publish their version of events. But the FA report drew an immediate protest last night from the Italian embassy in London. Antonio Armellini, the acting charge d'affaires, said: "This is a one-sided account and not the complete picture, and I wonder what useful purpose if any it serves."

The FA report says: "The organising authorities at times seemed to have abandoned any thoughts of trying to properly manage the situation... there appears to have been deliberate intimidation by elements of the Italian authorities against English supporters."

It says severe problems were caused by the breakdown of ticketing arrangements prior to the match, and a total absence of "effective stewarding" by police.

The FA claims senior Italian police deliberately stopped their English counterparts from helping as agreed before the match.

The bulk of the report is based on statements made to the FA by English fans and English officials. The FA's chief executive, David Kelly, said the report's principle aim was to exonerate the FA. The FA is bidding to stage the 2006 World Cup largely on the basis of what it claims was its hugely successful and largely trouble-free organisation of Euro 96.

London has a chance to elect itself a voice

Londoners will vote next May on whether they want a directly elected mayor to co-ordinate the city's government and represent it overseas. Opinion polls suggest that the referendum will produce a strong majority in favour.

While it is commonplace for mayors to run cities in many other parts of the world, they have until now been confined to a ceremonial role in the UK. The introduction of a mayor with executive powers will be the biggest innovation in UK local government for generations.

An assembly is also proposed, restoring city-wide government to London for the first time since the abolition of the Greater London Council 11 years ago. Mayor and assembly will be elected in separate ballots - raising the possibility of the assembly's majority group coming from a different political party to the mayor.

London's mayor will have direct influence in several areas including transport - an issue of much concern to the capital's residents - economic development and police. But the powers of the 32 separate London borough councils will be retained intact - meaning that,

A ballot next May will decide if the capital's people want a mayor

unlike many US and mainland European counterparts, the mayor will not run some basic activities such as education. As a result, a successful mayor will need skills to influence other organisations and build a consensus among agencies in the capital.

A three-month consultation period on the proposals ended this week and the government now has to decide what system will be used to elect the mayor and assembly in the first polls by 2000.

British local government elections, like parliamentary ones, have traditionally been conducted by the first-past-the-post system. The government recognises a need for the mayor to win a "clear mandate" from the people of London, and a system such as the alternative vote - where the candidates are numbered in order of preference - stands a good

chance of being adopted. An additional member system, with seats allocated to parties in proportion to votes cast, will operate to fill some places in the new Scottish parliament and Welsh assembly. Adoption of this system would be a possibility for the assembly elections. There will also be concerns on the government's part to devise a constituency system that focuses assembly elections on London-wide issues rather than borough politics.

Decisions on final arrangements are not due to be announced until March. But the political argument will begin much earlier, when a bill is introduced in parliament this autumn to provide for next May's referendum.

The government intends to allow only a single question, in which voters will be asked to endorse the establishment of the mayor and assembly. Opposition parties want the questions separated. Conservatives support the mayor but not the assembly, while Liberal Democrats would prefer the assembly without the mayor.

Alan Pike

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday October 25 1997

Global warnings

This week, a collapse in the stock market of a small territory on the other side of the world caused turmoil in western markets. Investors are asking themselves why the Hong Kong crash had such a wide-ranging impact. Overheated markets were undoubtedly vulnerable to a fall, wherever it originated. But deeper forces were also at work. The aftermath of the Hong Kong crash is an early example of how globalisation is increasing the volatility of western markets.

Globalisation recently has had a pretty good press. It has been credited as one of the causes of the so-called "new paradigm" of high growth, low unemployment and low inflation in the US. Increased international integration, it is said, has allowed greater specialisation, so keeping down costs and enhancing efficiency.

But this week's events in the financial markets have shown that greater international integration does have its downside. More integration means more exposure. And more exposure means that the performance of one country's financial market will be subject to the movements of many other countries' markets.

In the case of the UK, the contagion from the Hong Kong index was not just a phenomenon of investor confidence. It also came about because of real links between the economies of the UK and of Hong Kong. The UK market was dragged downwards by tumbling values of shares in companies with a large exposure to the Hong Kong economy, notably HSBC, Cable & Wireless and Standard Chartered. One-sixth of the 157-point fall in the FTSE 100 index on Thursday was due to the fall in these three Hong Kong-related stocks.

Two trends

Of course, the historical business links between Hong Kong and the UK are in a sense unique. There are few other Asian markets with such a strong economic interlinkage with a major western economy. But the rapid pace of globalisation is creating such relationships on a wider scale. On Thursday, for example, other European markets were also badly affected by Hong Kong's fall.

Two trends are at work, both of which are increasing the importance of emerging markets to the Western economies. Firstly, such countries are

growing rapidly, and account for an increasing share of world output. China, according to the World Bank, could be the world's second largest exporter in 20 years' time.

Secondly, the developed world has noticed the potential of these economies, and is investing heavily in them. Private capital flows to the developing world in 1996 totalled US\$336bn, almost six times greater than the total in 1990. This process has been made possible by the huge number of countries that have rushed to liberalise their capital markets over recent years.

Wild swings

The benefits of this increased integration have been widely discussed. The costs, in terms of the stability of the developed world, are perhaps not so often considered. The problem is that rapidly developing economies tend to be, by their very nature, volatile. Just look back at the 19th century, when the major western economies were going through the process of industrialisation. The period was characterised by wild swings in growth and in prices, which were transmitted between countries through very open channels of trade and through huge capital flows.

These economies have now reached maturity. With the help of much-improved monetary and fiscal management, it could even be argued that they are within reach of their goal of a low-inflation, stable-growth environment. The irony is that just as this is happening, they are becoming increasingly exposed to the booms and slumps of a whole new set of rapidly developing economies, through the forces of globalisation. The consequence will be an increase in the volatility of Western stock markets, as contagion from developing-world crises becomes an increasingly common occurrence.

These influences are not very strong yet. Apart from Hong Kong, few rapidly growing markets cause big ripples overseas. For investors, the key issue remains whether western markets are overheated and, if so, when they will crash.

But the impact of the Hong Kong stock market fall is a pointer for the future. In a global marketplace, national stock market movements cannot escape volatile international forces. Let the investor beware.

Caught in the Asian smog

John Ridding explains the implications for the region and the rest of the world of this week's market turmoil in Hong Kong

World markets were still shaken yesterday even though Hong Kong appeared to have stepped back from the brink. The dramas of the past few days have underlined an important shift: long a source of economic wonder, Asia's tigers have become a source of upheaval.

Like the Indonesian forest fires that smoulder underground before bursting through the surface, regional economic problems have ignited new crises, sending financial turmoil, like smog, far abroad.

The most serious fire burned this week in Hong Kong, where a battle raged to defend the currency, the last in Asia to be fixed to the US dollar. As the Hang Seng index collapsed under the weight of soaring interest rates, international investors bolted from the region. They were followed by shock waves that rattled markets from Wall Street to London.

Within south-east Asia, the upheaval has moved into a new phase. A series of competitive devaluations, with Taiwan this week allowing its currency to fall sharply, points to fierce competition in export markets and exchange rate instability. Street demonstrations in Thailand underline the risks of political fall-out, adding an obstacle to recovery and reform. "In south-east Asia it isn't over," says Rudiger Dornbusch, professor of economics at Massachusetts Institute of Technology. "One has no right to expect this is going to work itself out."

It seems clear that the impact of the crisis was underestimated. "People said it was not like Mexico," says Christopher Wood, emerging markets strategist at Peregrine Securities. "They were right. It is a lot worse." Others claim the regional problems of excessive debt and rising current account deficits, which triggered the start of the crisis in Thailand in July, promise a protracted period of pain.

Also clear is that the waves from the crisis will continue to roll. The falls in the Dow and the FTSE indices this week, and a string of warnings from companies exposed to the region, indicate that the international impact is now the big question.

Most attention remains focused on Hong Kong. As Asia's biggest financial services centre outside Japan, turmoil there poses concerns for international heavyweights such as HSBC, the world's biggest banking group, which derives much of its profits from the territory. While the Hong Kong economy remains healthy, much more so than many in the region, the wave of devaluations has raised questions about its competitiveness and left its peg to the dollar exposed as Asia's sole formal currency link.

Many believe a collapse of the



peg would be disastrous for the territory. "There would be a huge blow to confidence, and there would be capital flight," says John Mulcahy, managing director of W.I. Carr, the securities house. Seen as a guarantee of Hong Kong's financial autonomy from China, its sovereign since July's handover, the peg has served as an anchor of stability through the territory's transition. Armed with reserves of more than US\$80bn and a robust currency board, Hong Kong officials are confident they can withstand the pressures. "I am not worried," says Donald Tsang, financial secretary. "But I am determined to defend the exchange rate." He forecasts the territory's financial markets would steady following the bitter battle with speculators on Wednesday night and the 23 per cent fall in the stock market in just four days.

Yesterday, at least, Mr Tsang's sang froid appeared justified. The stock market rebounded as interest rates fell. But the champagne remained corked. "I think it would be unwise to assume it is all over," says Mr Mulcahy. For investors, one lingering lesson is the pain through which

Hong Kong is prepared to put its stock market, and potentially the real economy, in defence of its currency. "It is our top priority," says Tung Chee-hwa, Hong Kong's post-colonial leader.

Even if Hong Kong has weathered the storm, there are sources of concern beyond its shores. The problem in several regional economies is not just that the crises resulted from structural weaknesses. It is that many of these structural problems have yet to be addressed. "We have yet to see a policy response in many countries," says Mr Wood at Peregrine Securities.

Korea's decision this week to nationalise Kia Motors, the car company, fuelled concerns of a backward step in economic reform. "Korea has the biggest structural problems in Asia," says Mr Wood. "We could see a sovereign credit crisis in due course."

Thailand, too, is causing concern. "There has been a complete breakdown in political initiative and decision-making," says Andrew Freris, director of research at Bank of America. Like many others, he questions whether the government can

implement the reforms required by its US\$17bn IMF recovery package.

Thailand's troubles have brought into focus an additional obstacle to reform. Earlier this month, protests helped push the government into withdrawing a new oil tax. This week, farmers, factory workers and many others took to the streets to demand the resignation of Chavalit Yongchaiyudh, the prime minister.

"It is quite clear there is going to be political spill from all this," says Kenneth Courtis, vice-president of Deutsche Bank Asia. "Governments that are in power now are going to be severely tested."

With elections due in Indonesia and the Philippines in the next 12 months, austerity policies are set to focus investors' concerns on politics. "There have to be questions about social stability in some of these countries, given the combination of a sharp economic downturn, a wide income gap, a wealthy elite and the presence of corruption," says one western diplomat.

Not all are gloomy. "You have to look at this on a country-by-country basis," says Mr Freris.

"The Philippines has been doing well, with strong exports; Indonesia has been taking the right steps. And interest rates have been coming down in several economies, which is bullish for growth."

Investors do not appear to have been listening. The combination of policy failure in some economies, emerging political concerns and the deteriorating growth prospects has soured attitudes towards the region. Barton Biggs, the influential managing director of research at Morgan Stanley, summed up the feelings of many in the industry when he decided this week to reduce his recommended portfolio weighting for developed Asia from 2 per cent to zero. Many investment managers had already done the same for south-east Asia.

The implications of the slowdown extend beyond portfolio investment. After the sharp market falls this week, attention is focusing on how the economies of the US, Japan and Europe will be affected. While developed economies could benefit from the disinflationary impact of cheaper imports, commentators cite concerns arising from tensions over increased trade imbalances and the impact on many companies active in the region or exposed to its competition.

"A quarter of the world's exports come from Asia, ex-Japan," says Mr Courtis at Deutsche Bank. "As these economies seek to recover growth there is going to be ferocious competition. At the same time they are going to restrict imports to cut their current account deficits."

The impact is already being signalled. Malaysia this month raised tariffs on a number of goods, including luxury cars. "It certainly has had some serious impact on the automobile market," Jack Telmak, vice-president of Ford, said at the Tokyo motor show this week. On the same day, ABB, the electrical engineering group, said it planned to cut 10,000 jobs in Europe and the US and take a charge of almost US\$1bn to cover the costs of restructuring operations, which have hit by economic problems in south-east Asia.

Japanese companies appear particularly exposed. Honda's September car sales in Thailand plunged, while Toyota signalled this week that it would halt investments in south-east Asia for two years. Japanese banks have generally been the biggest lenders to the region.

"I would suspect that over the next six months you will have a lot of unpleasant earnings surprises in Europe, North America and Japan," says Mr Courtis. But after the events of the past week, perhaps the world is becoming used to unpleasant surprises from Asia.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3938; e-mail: letters.editor@ft.com. Published letters are also available on the FT website (http://www.ft.com). Translations may be available for letters written in the main international languages.

Heated words, and the throwing of rocks, but no civil war in Israel

From Mr Zev Petrucci.

Sir, I must strongly disagree with Judy Dempsey's report ("In no mood to party", October 19-19). Israel will not have a civil war between the secular Jews and the ultra-orthodox. There will be heated words, possibly rocks thrown now and then, vocal elections and perhaps sporadic fist fights between different political factions on the parliament floor, but this is known to occur in many democratic nations.

Rabin's assassination was a tragedy, but not one unique to Israel. There have been leaders assassinated in democratic countries before, and tragically it could happen in any democratic

country again. Israel has its own fanatics, but so do most democratic countries - allow me to introduce you to the various National Front platforms throughout Europe. Fanatics enjoy warning us about impending civil war. They get our attention that way.

I hope to be alive in 50 years' time and witness Israel's 100th modern anniversary. It is a shame that politics and cultural differences are tarnishing plans for Israel's 50th, but so be it.

Israel is a democracy and should be allowed the wide breath afforded other nations, which includes, as Moti Bar-Or believes, the chance to build bridges between distinct groups.

Israel has problems to solve, peace with its neighbours the biggest. One day there will be a total peace among the nations of the Middle East. In the near future, there will be arguments, perhaps - horrifically - even war between belligerents, but it will not come from within.

Israel as a nation, and Jewish people from the world over, have traversed too much history to let the tragedy of civil war take place within its own geography again.

Zev Petrucci,
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US

Currency crisis: blame golf courses

From Mr James Clark.

Sir, The global financial community appears to have overlooked the underlying fundamental cause of the recent currency crisis, namely access to and affordability of golf courses in each country. Indonesia, Thailand and Malaysia, with an abundance of cheap courses, have suffered currency devaluations of 30 per cent or more. Hong Kong and Singapore on the other hand, having a relative dearth of golf courses, all of which are expensive to play, have seen zero and single-digit devaluations respectively.

This phenomenon is not restricted to south-east Asia. The long-term undervaluation of the US dollar in purchasing power parity terms, particularly against the yen, can be traced to the growth of inexpensive golf courses in the US in the 1960s.

Given the similarities between the Asian Free Trade Area and European Union trading blocs, it appears that the Maastricht criteria for entry into economic and monetary union are misguided. I propose that the EU member states, if they wish the euro to succeed, should urgently focus their attention on restricting the construction of new golf courses and set strict measures to ensure no states with accessible and inexpensive golf courses are admitted. Ireland beware.

James Clark,
BAT Cambodia,
PO Box 2220,
Phnom Penh 3,
Kingdom of Cambodia

The 'scam' Parisian waiters have been working for years

From Mr David W. Marshall.

Sir, Arnie Wilson ("The scam of double dipping", October 11-12) highlighted a trick apparently occurring in certain restaurants in the US, whereby the waiter adds 15 per cent to the bill and then presents the credit card voucher with the line for a tip left blank.

This practice, contrary to the remarks in his opening paragraph, has been endemic in Paris restaurants for years.

By law, French restaurants are entitled to add a 15 per cent service to the bill. In Paris restaurants, almost without fail when you speak with a foreign accent

and pay by a non-French credit card, the voucher is presented with the lines for a tip and the total left blank.

This is done on the assumption that, as an ignorant foreigner, you will not know any better, and will add a further tip to the 15 per cent service already automatically charged to your bill.

Interestingly enough, I have rarely experienced this outside Paris.

David W. Marshall,
16 Ogilvie Road,
Mount Pleasant,
Western Australia

Rethinking

From Iakovos S. Tsalcicoglou.

Sir, The well-chosen words by Vladimir Nabokov that adorn "Rereadings" ("A good reader, an active and creative reader, is a rereader") have been appearing for a succession of weekends, and their power of inspiration seems to be fading. May I suggest the following by Clifton Fadiman, the American critic, as an alternative: "When you reread a classic you do not see more in the book than you did before; you see more in you than was there before."

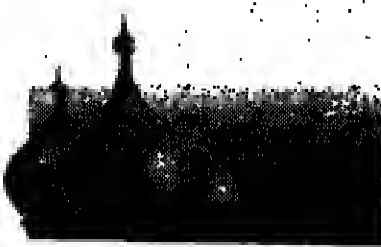
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THE VALUE OF UNITS MAY GO DOWN AS WELL AS UP AND IS NOT GUARANTEED. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE PERFORMANCE.

محمد بن راشد

Man in the News - Bill Gates

The wrath of Darth Vader

Rich, yes. Popular, no. Louise Kehoe on the world's wealthiest man

To Bill Gates, chairman of Microsoft, being in the news is a way of life. As the world's richest private citizen and the most widely recognised computer nerd, he is trailed by news reporters wherever he goes.

For the most part, Mr Gates takes such notoriety in his stride. He regards his celebrity as part of the job of running the world's biggest software company. Unless they bother his wife and baby daughter, he shrugs off the paparazzi and is unfazed by the dozens of web sites dedicated to anti-Gates jibes or Microsoft jokes. Yet this week's headlines can only have irked him. As the personification of Microsoft, he has been pilloried in the press - and even more so on the internet - for alleged anti-competitive behaviour.

Microsoft has this week been accused by the US Justice Department of violating a 1996 antitrust settlement, or "consent decree", by forcing personal computer manufacturers to install the Microsoft internet browser on their products through threatening to revoke their licences for Windows 95. Janet Reno, the US attorney-general, said she would seek record fines of \$1m a day against Microsoft. But so rich is Mr Gates, he estimates that, according to one San Francisco radio commentator, if he paid the fine personally he would not run out of money until at least 2095.

Mr Gates is one of the best known and most admired leaders in the technology industry. He is also the most disliked. "Gates baahing" has become a popular industry pastime, just the mentioning of his name often raises jeers at industry conferences. Microsoft is commonly referred to as "the evil empire" and Mr Gates himself as Darth Vader.

Much of this can be put down to envy or resentment of Mr Gates' astounding wealth. Yet there is also a widespread belief that it is squelching innovation that might threaten its market leadership.

Evidence presented by the antitrust regulators included corroborating statements from three US PC manufacturers including Compaq Computer, the world's largest. On the face of it, this would seem to be a clear-cut case. Microsoft appears to have used its Windows monopoly to force customers to adopt another of its products.

Yet Mr Gates is unrepentant. He insists that Microsoft has done nothing wrong. The internet browser

is an "integral part of Windows", rather than a separate product, he insists. As such, it must be installed on every PC that runs Windows 95. Substituting a competing browser would be "like selling a Ford Explorer with a Toyota engine".

From Mr Gates' perspective, Microsoft was double-crossed by the Justice Department. He and other executives laid out details of the company's product plans when they negotiated the 1996 settlement. Language supposed to accommodate a gradual blending of the Windows operating system and internet browser was included in the consent decree. But that language is being interpreted by a new generation of Justice Department officials. None of the antitrust lawyers whose names appeared on the 1996 agreement is involved in the new complaint.

Even as critics talk of enabling fair competition and "creating a level playing field", Microsoft's captain sees himself in a game where the rules remain the same, but the referees have changed. Now, he believes, they are wearing the colours

of the opposing side. He is exasperated: "Should [the Department of Justice] decide what future innovation we can or cannot do?" he asks rhetorically. "You have to control your own product. We're asking for that right... A fundamental principle at Microsoft is that Windows gets better and makes the PC easier to use with each new version."

"Today, people want to use PCs to access the internet," he adds. "It would be a great disservice to our customers if Microsoft did not enhance Windows with internet-related features and rapidly distribute updated versions of Windows through PC manufacturers."

From a technical perspective, it is hard to fault his logic. The benefits of integrating the browser and the operating system are widely recognised. Indeed, Microsoft competitors - Netscape Communications and Sun Microsystems - are moving along a similar path.

Yet even as Mr Gates talks about future products and innovation, which are his primary interests, the Justice Department is looking back over Micro-

soft's products, sales and marketing activities of a year ago. To Mr Gates this is all old and irritating stuff. He has been fending off antitrust regulators for at least seven years.

For all Microsoft's success, Mr Gates believes the company is under continual threat from new and existing competitors. He is incredulous at and angered by any suggestion he should tone down his company's aggressive tactics. Putting the "soft" before the "micro" is anathema to Mr Gates.

But it is precisely his intense competitive spirit that has brought him head-to-head with the government's competition regulators. In a style that reflects his mode of conversational combat, Microsoft is countering the Justice Department's charges by questioning the technical competence of its lawyers.

It is this kind of response that has given Mr Gates and Microsoft a reputation for arrogance. Anyone that disagrees with him is lacking in intellectual capacity, he often implies. He describes criticism as "random". It is difficult to explain or

counter. Yet it is against this background of discontent that consumer groups are mounting a campaign against the company.

Microsoft claims to have been overwhelmed by calls and e-mails from supporters. Yet in the broader court of public opinion, the company is losing. On one popular internet news site, readers are voting two to one against the company on the question of whether it has transgressed antitrust laws.

For all of its success in selling software, Microsoft has failed to win the hearts of its millions of customers. In some part, this appears to be a reflection of the public persona of its chairman.

Yet the private Mr Gates is a casual, witty man. He is a charming host and generous with his time. A proud father, he has a growing interest in education as well as displaying his passion and broad knowledge of all aspects of technology.

It is his in public - where he is perceived as defensive and sometimes downright rude - that he gets into trouble. But being likable has never been one of Mr Gates' prime ambitions.

In any case, Mr Gates has been here before. He emerged virtually unscathed from the earlier antitrust charges by the Justice Department. He remains confident he can also fend off this latest assault. But he deeply resents the distraction.



France has long salvaged a bad conscience about the collaborationist Vichy government under German occupation by relying upon a fragile balance of ignorance and myth.

Ignorance was fostered by historians and politicians unwilling to confront the nature of life under the administration based at Vichy and the popularity of its leader, the ageing first world war hero Marshal Pétain. The myth centred on the role of the Resistance and the defiant leadership of General Charles de Gaulle in London.

This delicate equilibrium has now been disturbed by the war crimes trial of 87-year-old Maurice Papon, a Vichy civil servant who became a prominent figure in postwar administrations. He rose to be the powerful head of the Paris police, a member of parliament and then finance minister under the Giscard d'Estaing presidency in 1978-81. His career was only then halted, when a newspaper alleged he was behind the deportation of more than 1,500 Jews while administering the southwestern province of Gironde, centred on Bordeaux.

After two weeks in the dock in Bordeaux, the case against Papon has turned into a broader indictment of the French state.

The central issue of the trial was to have been the responsibility of civil servants carrying out the German-inspired orders of the Vichy regime, judges for the first time five decades after the events. But Resistance and his career prospered in postwar France under Gen de Gaulle and subsequent

Pandora's box opens

The war crimes trial of Maurice Papon has turned into a broader indictment of the French state, says Robert Graham

presidents, the very act of prosecution has raised a host of other issues.

These are spilling into the political arena and troubling the national conscience. What, for instance, was the policy towards employment of Vichy officials in postwar France?

The answer, it emerges, is that a good many were employed for practical reasons. France needed a functioning administration. Besides, to have conducted a witch-hunt might have exposed how many really collaborated, forcing a distinction between those who actively helped the Germans and those who passively did the minimum. (Three premiers of the Fifth Republic were with Marshal Pétain for with brief periods - Michel Debré, Georges Pompidou and Maurice Couve de Murville.)

Another question raised is who knew about the deportation and Jewish persecution? In court this week a former member of Gen de Gaulle's staff in London sent to make contact with the Resistance was asked if he knew of the fate of French Jews. He replied he genuinely believed those deported would be found when hostilities ended. Papon himself said he had no idea of the final destination of Jews he ordered to be sent to transit camps.

To what extent did Gen de Gaulle inflate the role of the



De Gaulle (left) and the carriage where Vichy government signed agreement with Germany

Resistance in liberating France in 1944 in order to expunge the memory of Vichy? In his memoirs he wrote off the Vichy regime as *mal et non avéré* (bad and unproven). He argued that "real France" had not capitulated to Germany. The first real revision of this - unpopular among Gaullists - was in 1965 when President Jacques Chirac conceded terrible mistakes had been made under Vichy. The trial of Papon has raised the tempo further.

Laurent Joffrin, former editor of the daily *Libération*, says one has to accept Pétain's policy "aroused

little protest, especially his anti-semitic policies, even if the population gradually distanced themselves".

Gen de Gaulle passed over this to boost the exploits and legitimacy of the Resistance. "For the general and for the generation of the Liberation, the country had to be put on its feet again, creating an honourable sense of self-esteem. History was distorted and thus the Gaullist myth was born," says Mr Joffrin.

These queries in turn raise two sensitive issues relevant to today's political debate. First, the cult around Gen de Gaulle's own figure may

have been overdone to forge a renewed sense of national unity and pride in France. The need for a hero reflecting French *glorie* was understandable, since France had to come to terms in the 1950s with the humiliation of military defeat in Indo-China at Dien-Bien-Phu and the traumatic loss in 1962 of Algeria after a bitter eight-year war.

Reassessment of the Gaullist myth will affect the battle for his heritage being fought over by the parties of the centre-right. It also coincides with a necessary downsizing of France's view of its own role on the world stage.

Second, the Papon trial throws the spotlight on the long-standing lack of accountability of senior civil servants - not just under Vichy but also in recent years. The latter have been protected by an elitist political system which has treated the electorate as if it owed no explanations.

This allowed numerous obscure episodes to be buried. One of the more controversial was in 1961 when Papon was Paris police chief: the police brutally broke up a demonstration by Algerian nationalists pressing for an end to French colonial rule. The official death toll was three; but the Algerian opposition and leftwing politicians claimed as many as 300 died with several bodies found floating in the Seine.

In the Papon trial, lawyers for the families of the victims have raised this incident because they believe it will help their case in portraying him as an over-zealous public servant with a hatred of Algerians and a strong streak of anti-semitism. Catherine Trautmann, the culture minister, has agreed to open the archives on this incident, and commentators expect an official cover-up will be exposed.

With this Pandora's box opening, no wonder previous governments did their best to prevent Papon going on trial during the past 15 years. The risk now is that, with Papon in poor health, the trial will not finish. If it does, the spectacle of him and other octogenarians giving evidence about events beyond the memory of three-quarters of the country is scarcely the best catharsis for the events of wartime France.

Terror and killing time

Pol Pot's evil image is intact after his first interview in 18 years, says Ted Bardacke

Immortalised by piles of skulls, Hollywood movies and secrecy, the Khmer Rouge has become synonymous with pure evil. Pol Pot, the movement's leader, presided over the killing of at least 1m of his fellow Cambodians during a ruthless four-year reign in the 1970s - wrapping the wickedness of Hitler, Stalin and Mao into one mysterious figure.

After his first interview in 18 years this week, Pol Pot's image of evil remains intact. Now under jungle house arrest in the last remaining Khmer Rouge stronghold in northern Cambodia, Pol Pot told US journalist Nate Thayer of the Far Eastern Economic Review that he was unrepentant about his crimes against humanity.

"My conscience is clear," he said. "Everything I have done and contributed is first and foremost for the nation and the people and the race of Cambodia."

Pol Pot may have been seeking to justify himself. Yet from the interview, the 72-year-old dying man seems more like a Hitler figure with an intense desire to exterminate Cambodia's historical enemy and tormenter, the Vietnamese, than a Stalin or Mao seeking to create an economic utopia.

The revelation has potentially disastrous consequences for present-day Cambodia where anti-Vietnamese sentiment still runs high and Khmer Rouge propaganda continues to strike a chord with rural and urban people alike.

Pol Pot recounts how during his days as a student in Paris in the 1950s it was nationalists like Nehru who held his attention more than Marxists. "L'Humanité scared me," he says of the Communist newspaper.

In Pol Pot's nefarious world, it was conditions in Cambodia - the product of French occupation that used imported Vietnamese administrators - which made him take up the struggle. He "saved" Cambodia from Vietnamese domination by killing, torturing and purging anyone who could be linked to the fellow communist neighbour.

"If this man continues stubbornly to hide his traitorous links and activities, he should be executed and not allowed to play games any more," Mr Thayer quotes from a document in which Pol Pot ordered the torture and killing of a comrade he suspected of being allied with the Vietnamese. "You can forcefully use the 'hot method' [a form of torture] and for prolonged periods, even if you slip and it kills him," says Pol Pot.

Mr Thayer, who has been following the Khmer Rouge since the early 1980s, says: "I was shocked by the level of racial hatred and paranoia and the lengths he was willing to go to root out his enemies... Even women and children were legitimate targets because they were somehow linked with the Vietnamese, which makes them Vietnamese in his eyes. The neo-Nazis pale in comparison because they want the immigrants out. The Khmer Rouge just simply says kill them."

"I'm quite satisfied with one thing," says Pol Pot. "If we had not carried out our struggle, Cambodia would have... been seized by Vietnam in 1975."

Mr Thayer likens Pol Pot's attitude to "an American general in the Vietnam War saying: 'We had to destroy the village to save it.'"

The Vietnamese were, indeed, planning to take over. Pol Pot relates a story, confirmed by other participants, of meeting the Vietnamese revolutionaries Le Duan and Le Duc Tho in 1970 during which he was offered leadership of a combined Cambodian-Vietnamese-Laoan army that would jointly liberate Phnom Penh and Saigon. Pol Pot turned them down, knowing that as a result he would have to take Phnom Penh before the world. North Vietnamese captured Saigon. If not, the Vietnamese would have become too powerful and invaded Cambodia themselves.

The irony is that the Vietnamese ended up taking over anyway. In 1979, they marched into Phnom Penh under a force led by a Cambodian, the current prime minister Hun Sen.

Mysterious figure: Pol Pot's image of evil remains intact



Scheherazade Daneshkhu on the economic role of tourism in London and other big cities

The need for visitors to linger longer

On Saturday nights gregarious teenagers leave the Eurostar passenger train at London's Waterloo station to hit the nearby Ministry of Sound nightclub. Many of these Eurooppers do not bother with the expense of a hotel: they spend most of the night clubbing before catching a train back next morning.

The Channel tunnel has made it easier for tourists attracted by London's new funky image to get there - and easier for them to get away again. It has exacerbated a growing trend for more tourists to spend less time - and less money - in the city.

Just under 27m tourists are expected to visit London this year, more than half from overseas. This is roughly a 50 per cent increase over 1992; but the 28bn visitors are forecast to spend only 39 per cent higher than five years ago.

That is disappointing. The growth of tourism spending in London - at 5 per cent a year - trails by the world average of 8 per cent. It mirrors a similar underperformance by the UK. In contrast, tourism earnings of France, which attracts more visitors than any other country, have been growing above the world average.

This is not good enough, says Sir John Egan, chairman of the London Tourist Board and chief executive of BAA, the airports operator. At a conference on the capital's tourism industry this month, Sir John said he hoped that, by 2010, 46m visitors would be spending a whopping £28bn: that is roughly twice the number of current visitors, spending no less than four times the present total. It looks like a hugely ambitious target.

London, like many big cities, leans heavily on tourist spending for much of its economic well-being. An estimated 7 per cent of London's gross domestic product comes from tourism, according to The Greater London Group at the London School of Economics.

One in three of the 12m theatre tickets sold in the West End last year went to a foreign visitor; another third went to UK tourists. A third of West End shopping is done by overseas visitors, who also account for 35 per cent of spending in the capital's restaurants.

New York, Paris and Rome are also heavily dependent on tourism. "The private sector in New York is beginning to realise that tourism is essential to the city's economy," says Justin Blake, director of the New York

City partnership, a private sector body. "All New Yorkers are waking up to the importance of tourism."

So are the people of Hong Kong, for which travel and tourism is the number one earner. This year it is suffering. The territory saw a 24 per cent drop in the number of tourists in August, after it was handed over to China, against the same month last year. It will struggle to match last year's HK\$4.5bn of tourism earnings.

If Sir John's targets for

London were met, tourism's contribution to the capital's economy would rise from 7 per cent to 20 per cent, according to Tony Travers, director of The Greater London Group. That would complete the capital's transition to a post-industrial society, he says, by employing more people in services than manufacturing.

The way to get visitors to spend more money is to persuade them to stay longer than the average four to five days they spend now, says

Sir John. He has called for a compulsory hotel registration scheme, like those operated in France and Northern Ireland, to purge the capital of a ready, sub-standard hotels.

To achieve its full tourist potential, he says, London will need better public transport and good-value hotels outside the West End tourist hot-spots. Only then will it be possible to entice tourists away from the city centre, where they now congregate. The real potential of London, he says, lies in the 13-mile span between Greenwich, the site of the millennium celebrations in the east, and Richmond Park in the west.

Up to half the tourists staying in hotels at the bottom end of the market complain about the quality of London hotels. American visitors, in particular, are often abashed to find that spending £80-£100 a night on a room does not necessarily guarantee them an en suite bathroom nor room facilities any more elaborate than a clapped-out Teasmade.

If more is to be earned from tourism, London will also have to target higher-spending visitors. Long-distance tourists, particularly from Asia and the US, tend to stay longer and spend more than those from mainland Europe. Last year,

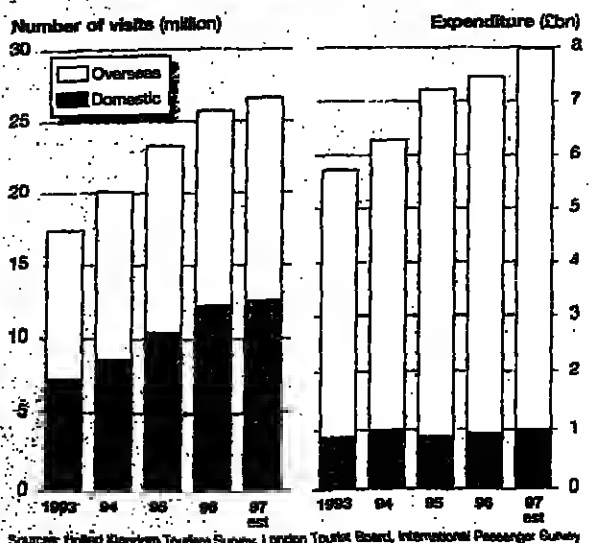
Japanese tourists spent an average \$467 per visit compared with £190 by French tourists. The number of Japanese visitors, while growing rapidly, still make up only 4 per cent of overseas visitors.

As well as persuading people to come to London from further afield, there is also a push for them to visit less well-known parts of the city. More than 50 per cent of tourists to London have been before, so recent tourist board campaigns have concentrated on promoting more out-of-the-way attractions such as the Globe Theatre in Southwark and East End street markets.

Still missing from London's mix are grand projects such as the Pompidou centre - Paris's most-visited attraction - or the same city's renovated Musée d'Orsay. But funding from the UK's National Lottery is slowly changing this: there is a steady stream of new projects, such as the Tate Gallery of Modern Art at Bankside, Southwark, and the Millennium Dome at Greenwich.

By 2010, Sir John hopes, the South Bank - preferably under a new glass canopy - will become one of the world's most-visited attractions. Perhaps by then, even the Eurooppers will be persuaded to stay to visit it.

London as tourist attraction



COMMODITIES AND AGRICULTURE

Coffee rally fails to quell doubts

MARKETS REPORT

By Gary Mead

On the London International Financial Futures Exchange coffee futures regained ground lost earlier this week, but trading volumes were relatively low and the recovery had a fragile air.

The January contract closed just \$24 higher at \$1.514, against an early view that it might recover by as much as \$80.

There was concern that the rally might be short-lived, with the promise of further heavy selling by Vietnamese producers inhibiting hopes of a further upswing.

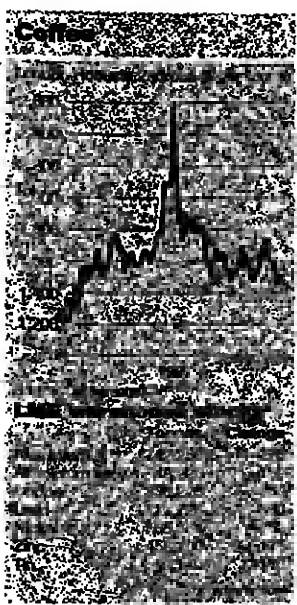
Nor did news from Indonesia's agriculture ministry that its coffee production will fall by 40 per cent this year, as a result of drought, do little to strengthen belief in further upward movements.

On New York's Coffee, Sugar and Cocoa Exchange the coffee market was similarly depressed; in early trading the front-month of December was 0.45 cents lower at 151.75 cents a pound.

Gold prices, battered for much of this year, were severely dented again yesterday, following news that the Swiss government is contemplating the sale of more than half its reserves.

The London afternoon "fix" was down \$6 to \$317.60 a troy ounce.

A group of Swiss financial experts said that if the Swiss government abandoned the gold standard



then they would recommend that it made a "cautious and phased" sale of 1,400 tonnes of Switzerland's total gold reserves of 2,600 tonnes.

Switzerland's debate over its retention of the gold standard has been raging for more than a year, since the Swiss National Bank described the 40 per cent backing for Swiss notes as a "relic of the past". This will be scaled down to 25 per cent on November 1.

Renewed tensions between Iraq and the UN helped push world oil prices up again; on the International Petroleum Exchange December Brent was 12 cents a barrel firmer in later trading, at \$20.14, while on the New York Mercantile Exchange in early trading December crude had gained 8 cents, to \$21.17 a barrel.

	Latest price	Change on week	Year	1997
			High	Low
Gold per troy oz.	\$317.60	-7.75	\$382.70	\$316.60
Silver per troy oz.	\$30.05	-0.25	\$30.50	\$29.30
Aluminium 99.7% (cash)	\$156.45	+3.80	\$158.50	\$151.40
Copper Grade A (cash)	\$204.15	+3.80	\$204.15	\$204.15
Lead (cash)	\$89.50	+1.0	\$90.50	\$88.50
Nickel (cash)	\$81.15	+3.45	\$81.15	\$81.15
Zinc SHG (cash)	\$125.70	+2.65	\$125.70	\$125.70
Tin (cash)	\$2,540.00	+11.0	\$2,540.00	\$2,540.00
Cocoa Futures Dec	\$1,495.00	-1.0	\$1,495.00	\$1,495.00
Coffee Futures Nov	\$271.10	-2.1	\$271.10	\$271.10
Barley Futures Nov	\$274.50	-0.75	\$274.50	\$274.50
Wheat Futures Nov	\$274.50	-0.75	\$274.50	\$274.50
Cotton Futures Dec	\$27.45	-0.05	\$27.45	\$27.45
Oil (Brent Blend)	\$20.14	+0.05	\$20.14	\$20.14

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WORLD BOND PRICES

Renewed buying lifts Treasuries

GOVERNMENT BONDS

By John Labate in New York and Sander Iskander in London

US Treasuries pushed higher yesterday in heavy volume as traders saw a partial follow-through from "buyers' flight to quality" buying. By mid-day the 30-year bond had risen $\frac{1}{8}$ to 10 1/8, pushing the yield down to 6.26 per cent. Shorter-term

issues also rose, the two-year note edging up $\frac{1}{8}$ to 10 1/8, yielding 5.74 per cent. The 10-year note gained $\frac{1}{8}$ to 10 1/8, yielding 5.97 per cent.

Overnight selling of Treasuries as the Hong Kong stock market recovered gave way to renewed buying in the early hours. Bonds strengthened as the stock market traded lower. "The bond market is in a completely inverse relationship to the stock market," said

William Gamba, manager of bond trading at Cowen & Co in New York.

European bonds also benefited from the flight-to-quality factor.

GERMAN BONDS led the rise. The December bond future settled at 103.13, up 0.36, before rising in after-hours trading to a high of 103.25.

UK Gilts reversed early losses to end higher, ignoring the release of bearish

economic data. The December long gilt future closed at 118 1/8, up $\frac{1}{8}$, after reaching a low of 118 1/8 in early trading.

GDP growth between the second and third quarters was 1 per cent, pushing up the year-on-year rate to 3.9 per cent, from 3.5 per cent. "Above-trend GDP growth continues," said ABN Amro Hoare Govett. "A rate rise in November remains a distinct possibility."

US INTEREST RATES

	Rate	Yield
1-month	5.88	5.88
3-month	5.88	5.88
6-month	5.88	5.88
1-year	5.88	5.88
2-year	5.88	5.88
3-year	5.88	5.88
5-year	5.88	5.88
10-year	5.88	5.88
30-year	5.88	5.88

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATIF) FF500,000

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	98.00	98.38	+0.38	98.38	98.00	108,184	114,572
Jan	97.58	97.82	+0.24	97.70	97.58	1,112	8,053
Jun	97.19	97.40	+0.22	97.19	97.19	-	-

LONG TERM FRENCH BOND FUTURES (MATIF)

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	98.00	98.38	+0.38	98.38	98.00	108,184	114,572
Jan	97.58	97.82	+0.24	97.70	97.58	1,112	8,053
Jun	97.19	97.40	+0.22	97.19	97.19	-	-

Germany

NOTIONAL GERMAN BUND FUTURES (LIEF) DM250,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	101.77	102.18	+0.41	102.25	101.65	175,933	288,991
Mar	101.02	101.40	+0.38	101.50	101.02	219	10,950

BUND FUTURES OPTIONS (LIEF) DM250,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	101.77	102.18	+0.41	102.25	101.65	175,933	288,991
Mar	101.02	101.40	+0.38	101.50	101.02	219	10,950

Italy

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIEF) Lit 200m 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

UK

NOTIONAL UK GOVT. BOND FUTURES (LIEF) £50,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

Spain

NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	102.94	103.25	+0.31	103.32	102.63	56,199	84,437
Mar	102.94	103.25	+0.31	103.32	102.63	56,199	84,437

UK

NOTIONAL UK GOVT. BOND FUTURES (LIEF) £50,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

Japan

NOTIONAL JAPANESE GOVT. BOND FUTURES (LIEF) ¥100m 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

Other Fixed Interest

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

US

NOTIONAL US GOVT. BOND FUTURES (CBT) \$100,000 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

FTSE Actuaries Govt. Securities

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

UK Gilts Prices

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

Japan

NOTIONAL JAPANESE GOVT. BOND FUTURES (LIEF) ¥100m 100% of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	111.77	111.87	+0.10	111.87	111.48	3,716	11,408
Mar	111.77	111.87	+0.10	111.87	111.48	3,716	11,408

■ WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Fund	1988	1997
CF Shaw Utilities	1,532	1,481
Abodeen Frontier Markets	1,481	1,457
Planning Select Latin America	1,457	1,416
Albany Latin American	1,416	1,416
Bullish Gilford Latin America	1,416	1,416

TOP FIVE OVER 3 YEARS

Fund	1988	1997
HR Samuel US Smaller Cos	2,682	2,640
FML North America Growth	2,640	2,561
Public Technology	2,561	2,502
Franklin Growth	2,502	2,328
Royal Life United States	2,328	2,328

TOP FIVE OVER 5 YEARS

Fund	1988	1997
Public Technology	3,832	3,782
FML North America Growth	3,782	3,654
Eastmore American Emer Sm	3,654	3,639
Old Mutual European	3,639	3,639
HR Samuel UK Emerging Cos	3,639	3,639

TOP FIVE OVER 10 YEARS

Fund	1988	1997
HR Samuel US Smaller Cos	9,468	9,288
F&G US Small Companies	9,288	9,233
Franklin Growth	9,233	8,840
Britannia American Growth Inc	8,840	8,770
Lincoln North American	8,770	8,770

BOTTOM FIVE OVER 1 YEAR

Fund	1988	1997
Old Mutual Thailand Acc	363	316
Sure & Prosper Gold & Exp	316	316
Fidelity ASEAN	316	316
Schroder Stock	316	316
Henderson Japan Smaller Cos	316	316

BOTTOM FIVE OVER 3 YEARS

Fund	1988	1997
Old Mutual Thailand Acc	286	366
Sure & Prosper Korea	366	433
Schroder Stock	433	440
Baring Japan Smaller Cos	440	468
Fidelity ASEAN	468	468

BOTTOM FIVE OVER 5 YEARS

Fund	1988	1997
Sure & Prosper Korea	468	722
Old Mutual Thailand Acc	722	735
Henderson Japan Smaller Cos	735	735
Baring Japan Smaller Cos	735	735
Sure & Prosper Japan Small Cos	735	735

BOTTOM FIVE OVER 10 YEARS

Fund	1988	1997
Waverley Australian Gold	374	598
Barclays Japan Inc	598	666
Henderson Japan Smaller Cos	666	738
Baring Japan Smaller Cos	738	738
M&G Japan & General Inc	738	738

Source: Reuters (01625 511311)

■ Indices

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
FTSE 100	1144	2551	3832	6276	6.4	-	-	-	-	-	-	-
FTSE 250	1136	2502	2858	7253	6.9	-	-	-	-	-	-	-
FTSE All-Share	1283	2109	3043	4025	3.0	1.3	-	-	-	-	-	-
FTSE Europe	1145	2003	3022	4584	6.6	-	-	-	-	-	-	-
FTSE Asia	1226	1739	2303	3032	2.4	3.5	-	-	-	-	-	-
FTSE Global	1191	1559	2156	2743	2.3	4.1	-	-	-	-	-	-

■ UK Growth

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Johnson Fry Sister Growth	1205	2162	2571	-	3.1	0.8	-	-	-	-	-	-
Jupiter UK Growth	1142	1860	2622	-	2.4	1.7	-	-	-	-	-	-
OM Hartley Growth	1237	1945	2781	-	2.4	0.5	-	-	-	-	-	-
River & Mercantile 1st Growth	1228	1815	-	-	2.5	1.0	-	-	-	-	-	-
Mercury Recovery	1152	1902	2455	2230	3.0	1.5	-	-	-	-	-	-
SECTOR AVERAGE	1151	1607	2159	2501	2.5	1.7	-	-	-	-	-	-

■ UK Growth & Income

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Fleming Select UK Income	1399	1904	2632	2918	2.3	3.3	-	-	-	-	-	-
Britannia UK General Inc	1224	1781	2088	2535	2.4	2.6	-	-	-	-	-	-
Lazard UK Income & Growth	1214	1786	2232	3193	2.2	2.9	-	-	-	-	-	-
Henderson Ex Income & Growth	1229	1766	2217	3023	2.2	2.9	-	-	-	-	-	-
Perpetual Income	1202	1781	2649	3283	2.3	2.6	-	-	-	-	-	-
SECTOR AVERAGE	1184	1595	2067	2775	2.3	2.4	-	-	-	-	-	-

■ UK Smaller Companies

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Gartmore UK Smaller Companies	11440	2094	3229	2161	3.3	0.4	-	-	-	-	-	-
Laurence Keen Smaller Cos	1123	1943	-	-	3.0	1.1	-	-	-	-	-	-
INVESTCO UK Smaller Companies	1080	1989	3192	1978	3.8	1.8	-	-	-	-	-	-
ASIS Smaller Companies	1081	1894	2590	-	2.9	1.2	-	-	-	-	-	-
Britannia Smaller Co's Acc	1126	1809	3110	2340	2.9	0.4	-	-	-	-	-	-
SECTOR AVERAGE	1036	1437	2296	1816	3.0	1.8	-	-	-	-	-	-

■ UK Equity Income

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Jupiter Income	1227	2018	3041	4219	2.2	3.7	-	-	-	-	-	-
Lazard UK Income	1229	1818	2431	3870	2.2	3.7	-	-	-	-	-	-
Britannia High Yield Inc	1178	1744	2514	3255	2.2	3.7	-	-	-	-	-	-
BWD UK Equity Income	1222	1742	2568	2911	2.0	3.6	-	-	-	-	-	-
Mercury Income	1226	1739	2303	3032	2.4	3.5	-	-	-	-	-	-
SECTOR AVERAGE	1191	1559	2156	2743	2.3	4.1	-	-	-	-	-	-

■ UK Equity & Bond Income

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
HSBC High Income	1206	1852	-	-	5.1	-	-	-	-	-	-	-
Profile Extra Income	1146	1836	2184	2668	2.1	3.9	-	-	-	-	-	-
Edinburgh High Distribution	1177	1583	2071	2085	2.3	3.8	-	-	-	-	-	-
CIS UK Income	1226	1577	2048	-	2.4	3.6	-	-	-	-	-	-
Midland Monthly Income	1232	1555	-	-	2.0	3.8	-	-	-	-	-	-
SECTOR AVERAGE	1148	1438	1840	2273	1.9	5.1	-	-	-	-	-	-

■ UK Eq & Bd

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
BWD Balanced Portfolio	1167	1789	2521	-	2.7	1.2	-	-	-	-	-	-
Perpetual High Income	1200	1883	2546	-	2.0	3.0	-	-	-	-	-	-
Credit Suisse High Income Port	1157	1639	2343	-	2.2	3.9	-	-	-	-	-	-
Capital Income Dis	1188	1626	2093	2200	1.9	3.0	-	-	-	-	-	-
Lloyds Bank Extra Income	1223	1546	1948	2718	2.0	3.4	-	-	-	-	-	-
SECTOR AVERAGE	1164	1562	2149	2330	2.0	2.8	-	-	-	-	-	-

■ UK Fixed Interest

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Aberdeen Fixed Interest	1138	1504	2483	2745	1.5	8.1	-	-	-	-	-	-
Thomson Preference Inc	1140	1485	1758	2538	1.8	7.7	-	-	-	-	-	-
Henderson Preference & Bond	1138	1447	1670	2042	1.4	7.8	-	-	-	-	-	-
M&G Corporate Bond	1168	1437	-	-	1.8	6.5	-	-	-	-	-	-
CU PPT Monthly Income Plus	1178	1422	1774	-	-	1.8	6.5	-	-	-	-	-
SECTOR AVERAGE	1090	1334	1888	2142	1.6	6.4	-	-	-	-	-	-

■ UK Gift

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
M&G Gift & Fixed Interest	1148	1369	1451	2113	1.8	5.8	-	-	-	-	-	-
Gartmore PS Fixed Interest	1134	1337	1462	-	1.8	6.6	-	-	-	-	-	-
Mercury Low-Rated Bond	1133	1326	-	-	2.3	5.3	-	-	-	-	-	-
Murray Acumen Reserve	1100	1320	-	-	1.5	6.4	-	-	-	-	-	-
Schroder Gift & Fixed Int Acc	1069	1297	1419	-	1.8	7.3	-	-	-	-	-	-
SECTOR AVERAGE	1078	1239	1335	2037	1.5	5.7	-	-	-	-	-	-

■ International Equity Income

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
GT International Income Inc	1150	1595	1948	8187	2.5	1.9	-	-	-	-	-	-
Mutual Curie Int'l Income	1178	1543	2115	-	2.4	8.3	-	-	-	-	-	-
Mayflower Global Income	1145	1476	2014	2358	1.6	2.6	-	-	-	-	-	-
M&G International Income	1153	1428	1968	3100	2.4	3.7	-	-	-	-	-	-
Barclays International Income	1158	1427	1818	2108	2.7	1.3	-	-	-	-	-	-
SECTOR AVERAGE	1118	1448	1915	2451	2.4	2.4	-	-	-	-	-	-

■ International Fixed Interest

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Bering Global Bond	1010	1326	1479	-	1.4	4.6	-	-	-	-	-	-
Newmont International Bond	1012	1294	1386	-	2.1	4.7	-	-	-	-	-	-
City Financial Backman Int'l	914	1253	1282	1883	2.9	5.0	-	-	-	-	-	-
Old Mutual Worldwide Bond Inc	898	1243	1298	2064	1.7	5.1	-	-	-	-	-	-
Barclays DGI Int'l F&I Int Inc	1024	1231	-	-	1.0	8.0	-	-	-	-	-	-
SECTOR AVERAGE	868	1144	1221	1809	1.8	4.9	-	-	-	-	-	-

■ International Equity & Bond

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1136	1599	2096	-	1.9	2.3	-	-	-	-	-	-
Capital-Cure Hallmark Growth	1167	1517	1899	2891	2.4	1.5	-	-	-	-	-	-
Fleming Growth Opportunities	1176	1511	1891	-	1.8	3.0	-	-	-	-	-	-
Bellie Global Managed	1130	1500	1868	2432	2.3	2.4	-	-	-	-	-	-
Newmont Bridge	1197	1485	-	-	2.5	2.3	-	-	-	-	-	-
SECTOR AVERAGE	1102	1371	1794	2365	2.1	2.2	-	-	-	-	-	-

■ International

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Profile Technology	1144	2551	3832	6276	6.4	-	-	-	-	-	-	-
Franklin Health	1136	2502	2858	7253	6.9	-	-	-	-	-	-	-
Save & Prosper Financial Secs	1283	2109	3043	4025	3.0	1.3	-	-	-	-	-	-
Henderson Global Technology	1145	2003	3022	4584	6.6	-	-	-	-	-	-	-
Franklin Financial	1226	1739	2303	3032	2.4	3.5	-	-	-	-	-	-
SECTOR AVERAGE	1191	1372	1806	2722	3.3	0.8	-	-	-	-	-	-

■ Nth America

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Hill Samuel US Smaller Co's	1165	2882	3461	9466	5.1	-	-	-	-	-	-	-
PM North America Growth -	1302	2840	3784	6349	4.4	0.1	-	-	-	-	-	-
Royal Life United States	1210	2328	3980	5588	3.8	0.2	-	-	-	-	-	-
Healthwest Benson Amer Small Co	1230	2308	2859	4383	4.6	-	-	-	-	-	-	-
Gartmore American Emer Gth	1168	2282	3078	5872	6.1	-	-	-	-	-	-	-
SECTOR AVERAGE	1215	1819	2425	4431	4.1	0.4	-	-	-	-	-	-

■ Europe

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Jupiter European	1150	2088	3192	4606	3.0	0.2	-	-	-	-	-	-
Bering Europe Select	1188	2059	3297	3408	3.7	0.6	-	-	-	-	-	-
Thorncliffe Euro Sel Gth Acc R	1270	2041	3048	3425	3.8	0.1	-	-	-	-	-	-
INVESTCO European Growth	1208	1868	2227	3678	3.8	-	-	-	-	-	-	-
Friends Prov European Gth	1248	1944	2896	5770	3.0	-	-	-	-	-	-	-
SECTOR AVERAGE	1198	1820	2338	3217	3.2	0.6	-	-	-	-	-	-

■ Japan

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
GT Japan Growth	821	958	1333	1681	3.6	-	-	-	-	-	-	-
Mercuria Curie Japan	969	943	1595	-	5.5	-	-	-	-	-	-	-
Newmont Japan	969	896	1405	1266	5.2	-	-	-	-	-	-	-
Bellie Global Japan	969	894	1324	1435	5.4	-	-	-	-	-	-	-
Schroder Tokyo Inc	936	881	1506	2072	5.1	-	-	-	-	-	-	-
SECTOR AVERAGE	794	885	1123	1138	5.4	0.2	-	-	-	-	-	-

■ Far East Inc Japan

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
AB Govett Greater China	1035	1097	2070	2041	5.0	-	-	-	-	-	-	-
Thorncliffe Oriental Income Inc	927	953	1312	1513	3.7	3.5	-	-	-	-	-	-
United Friendly Far Eastern	818	897	1306	-	4.0	0.7	-	-	-	-	-	-
Mutual Curie Far East	872	894	1439	1959	5.0	-	-	-	-	-	-	-
Perpetual Far East Growth	830	884	1832	2949	3.6	0.7	-	-	-	-	-	-
SECTOR AVERAGE	788	782	1349	1739	4.6	0.8	-	-	-	-	-	-

■ Far East exc Japan

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
HSBC Hong Kong Growth	1011	1590	2332	4246	8.5	0.1	-	-	-	-	-	-
Friends Prov Australian	1038	1419	2110	4205	4.0	-	-	-	-	-	-	-
INVESTCO Hong Kong & China	1081	1287	1907	2409	6.4	0.2	-	-	-	-	-	-
Old Mutual New Zealand	915	1255	1947	-	3.5	1.8	-	-	-	-	-	-
Old Mutual Hong Kong	879	1190	1754	2922	5.2	0.6	-	-	-	-	-	-
SECTOR AVERAGE	737	785	1389	2488	5.6	0.8	-	-	-	-	-	-

■ Best Peps

	1	2	3	4	5	6	7	8	9	10	Volatility	Yield
Save & Prosper Financial Secs	1283	2109	3043	4025	3.0	1.3	-	-	-	-	-	-
Henderson Global Technology	1145	2003	3022	4584	6.6	-	-	-	-	-	-	-
Franklin Financial	1226	1739	2303	3032	2.4	3.5	-	-	-	-	-	-
SECTOR AVERAGE	1129	1259	1594	2245	3.3	0.8	-	-	-	-</		

■ WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Scottish National Capital	3,943
Investor's Deal Capital	2,878
Prudential Capital	2,666
Scotiabank Split Fund Capital	2,525
Financial Income & Growth Capital	2,053

Atlantis Japan Growth

TOP FIVE OVER 3 YEARS

IR Technology B	4,473
Scottish National Capital	3,641
Baring Emerging Europe	2,299
Foreign & Co Enterprise	2,283
Goodover	2,428

Baring Emerging Europe

TOP FIVE OVER 3 YEARS

IR Technology B	19,463
Investor's English & Int	6,239
North Atlantic Smaller Cos	6,036
Foreign & Co Enterprise	5,213
TR European Growth	5,096

TR European Growth

TOP FIVE OVER 10 YEARS

Goodover	3,458
MCI Capital	7,413
Foreign & Co Enterprise	6,889
Investor's English & Int	6,394
Financial Income & Growth	5,108

Fleming American

BOTTOM FIVE OVER 1 YEAR

East German	337
Atlanta New Thr	429
Investor's Japanese Small Cos	353
Spain Selective Growth	461
Atlantis Japan Growth	498

BOTTOM FIVE OVER 3 YEARS

East German	207
Spain Selective Growth	356
Investor's Korea	453
Portfolio Japanese	368
Fidelity Japanese Values	399

BOTTOM FIVE OVER 5 YEARS

East German	167
Korea-Europe Fund	680
Edinburgh Jew	722
Korea Liberalisation Fund	733
Investor's Korea	805

BOTTOM FIVE OVER 10 YEARS

Trust of Investor's States	430
Investor's English & Int	493
Financial Income & Growth Capital	746
Goodover	752
Korea-Europe Fund	801

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

■ UK General					■ Int Cap Gth					■ Japan					■ High Income						
Year 0	1	2	3	4	Year 0	1	2	3	4	Year 0	1	2	3	4	Year 0	1	2	3	4		
Flaming Claverhouse	1463	2062	2682	-5	3.7	2.1	Jupiter Primadone	1434	2147	4557	-10	4.3	1.4	GT Japan	970	828	1305	7	6.0	0.5	
Mercury Keystone	1301	1844	3147	-1	3.8	2.3	TR Technology (Units)	1172	1798	2070	1	3.2	1.1	Bell Gifford Japan	841	788	1208	12	6.5	-	
Edinburgh UK Tracker	1286	1830	2275	0	3.5	3.0	RIT Capital Partners	1187	1702	2793	15	3.7	0.8	Schroder Japan Growth	915	734	-	4	7.0	-	
Finisburg Growth	1238	1706	2880	5	3.8	2.2	Kleinwort Overseas	1299	1628	2331	10	3.5	1.4	Fleming Japanese	746	670	1263	11	6.1	-	
Govett Strategic	1158	1746	2346	18	3.6	2.5	Henderson Electric and General	1138	1569	2493	10	3.0	1.8	Edinburgh Japan	780	637	1164	18	6.4	-	
SECTOR AVERAGE	1214	1617	2522	-	3.1	3.4	SECTOR AVERAGE	1180	1442	2226	-	3.5	1.5	SECTOR AVERAGE	780	672	1157	-	6.9	0.5	
■ UK Capital Growth					■ International General					■ Far East exc Japan, General					■ Split - Capital						
Kleinwort 2nd Endowment Policy	1193	1907	-	-9	3.2	-	Personal Assets	1383	2080	3106	-	2.1	1.8	Pacific Horizon	710	817	1464	18	5.9	1.0	
Schroder UK Growth	1175	1870	-	2	3.6	2.7	Majedie	1276	1691	2294	11	2.5	3.0	Abtrust New Down	620	618	1221	24	5.9	1.3	
Undervalued Assets	1107	1680	-	8	3.2	1.9	Law Debenture Corporation	1175	1673	2543	-12	3.2	3.1	Scottish Asian	586	580	1227	15	7.8	-	
Ivory & Sims ISIS	1286	1653	-	18	4.3	-	Scottish Investment	1201	1652	2115	14	2.5	2.3	TR Pacific	610	582	1441	17	7.6	0.3	
Kleinwort Endowment Policy	1039	1643	-	17	2.8	-	Scottish Eastern	1258	1648	2331	14	3.4	1.8	Govett Asian Smaller Cos	612	593	-	21	7.2	0.4	
SECTOR AVERAGE	1187	1811	-	2140	-	3.5	2.0	SECTOR AVERAGE	1215	1585	2290	-	2.9	2.4	SECTOR AVERAGE	648	588	1259	-	6.7	0.8
■ Smaller Companies					■ North America					■ Far East exc Japan, Single Country					■ Split - Inc & Residual Cap Shares						
INVESTO English & Intl	1046	2134	6539	8	4.5	0.8	North Atlantic Smaller Cos	1377	1938	5636	5	4.5	-	New Zealand	905	1213	2151	11	4.3	2.5	
Henderson Strata	1088	1886	3606	-2	4.2	0.3	Fleming American	1608	1978	2728	8	4.3	0.8	Edinburgh Java	800	441	1233	20	9.8	-	
Herold	1067	1633	-	-13	5.8	0.7	Edinburgh US Track 25p	1417	1843	2578	18	4.5	1.8	Aberdeen New Thai	429	433	920	-5	7.0	2.5	
Ivory & Sims UK Smaller Cos	1055	1683	2569	13	4.9	2.3	US Smaller Companies	1199	1754	2286	6	4.9	-	Schroder Korea Fund	808	418	-	-	8.1	-	
NetWest Smaller Companies	1132	1677	2836	4	5.1	2.3	Foreign & Col US Small Cos	1177	1711	-	-	73	4.2	Korea Liberalisation Fund	541	408	793	9	8.5	1.8	
SECTOR AVERAGE	1051	1580	2436	-	4.1	8.0	SECTOR AVERAGE	1230	1785	3102	-	4.9	1.2	SECTOR AVERAGE	615	508	1093	-	7.5	0.3	
■ UK Income Growth					■ Continental Europe					■ Emerging Markets											
TR City of London	1460	1895	2479	-5	3.2	3.5	TR European Growth	1409	2234	5096	-2	3.9	0.8	Baring Emerging Europe	1732	2529	-	11	10.6	-	
Temple Bar	1351	1699	2368	8	3.7	4.2	Henderson EuroTrust (Units)	1174	1818	2227	7	4.5	1.2	Central European Growth Fund	1180	1303	-	11	10.1	-	
Value and Income	1295	1839	2669	-8	2.7	3.7	Garnier EuroTrust	1228	1905	2991	-1	3.5	0.8	Scandinavian Latin America	1425	1320	-	12	9.1	0.8	
Dunedin Income Growth	1520	1627	2034	12	4.1	4.2	Manitara European Values	1286	1887	3172	4	3.5	0.2	Terninvest Latin America	1362	1227	-	14	8.4	0.4	
Investment Capital Units	1517	1887	1849	13	3.7	3.8	Foreign & Col Eurotrust	1237	1857	2912	4	3.5	0.4	Latin America	1582	1141	2000	18	8.5	0.4	
SECTOR AVERAGE	1292	1537	2213	-	3.3	5.2	SECTOR AVERAGE	1191	1656	2721	-	3.7	0.9	SECTOR AVERAGE	1214	1087	2000	-	7.8	0.5	
■ Venture and Devt Cap					■ Pan Europe					■ Closed End Funds											
Foreign & Col Enterprise	1411	2593	5211	7	3.8	1.8	Kleinwort Charter	1296	2063	2819	11	3.8	1.8	Capital Gearing	1109	1698	2458	4	2.3	0.1	
Candover	1918	2428	3644	-5	4.4	2.6	Manitara European Privatisation	1391	1787	-	-	3.0	2.0	New City Commercial	1167	1304	-	14	4.1	4.6	
Kleinwort Development Fund	1122	2112	3168	17	3.2	5.2	European Smaller Companies	1194	1457	1884	8	3.2	0.6	London & St Lawrence	1167	1304	1855	17	1.9	4.6	
Thameside Olive	1087	2070	3378	20	5.1	1.3	SECTOR AVERAGE	1247	1759	2351	-	3.3	1.5	Exeter Preferred Capital	1289	1299	1823	28	4.4	0.5	
Dunedin Enterprise	1303	1950	3157	12	3.4	4.2	SECTOR AVERAGE	1117	1596	2780	-	4.3	2.9	Scottish Value	1087	1267	2255	11	2.9	1.8	
SECTOR AVERAGE	1117	1596	2780	-	4.3	2.9	SECTOR AVERAGE	1181	1366	2115	-	3.1	2.4	SECTOR AVERAGE	1181	1366	2115	-	3.1	2.4	
■ Int Income Growth					■ FE inc Japan					■ Property											
Scourties Trust of Scotland	1911	1708	2147	7	3.3	3.9	Henderson Far East Income	716	908	1550	13	5.5	5.7	TR Property	1285	1485	3145	10	5.5	3.0	
Murray International	1532	1658	2357	1	3.6	3.4	Foreign & Col Pacific	780	815	1404	20	5.5	1.5	Tigmon Property	1245	1419	-	20	5.5	1.8	
British Assets Ordinary	1290	1471	1727	14	3.1	4.8	Martin Currie Pacific	700	798	1400	21	5.7	0.9	Property Shares	1382	1399	1970	21	6.0	3.1	
SECTOR AVERAGE	1275	1606	2077	-	3.3	4.3	Govett Oriental	682	627	1409	-	5.4	0.6	French Property	1012	1072	1639	14	6.0	3.1	
															RECTOR AVERAGE						
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Company	Share Price	Dividend	Yield	Dividend Growth	Dividend Payout Ratio	Dividend Coverage	Dividend History	Dividend Policy
OMI Aaron Extra Income Trust	1.15	0.10	8.7%	1.5%	100%	1.5x	No	1,000

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MANAGEMENT SERVICES

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB RECOGNISED) with columns for Fund Name, Unit Price, and % Change.

BERMUDA (REGULATED)

Table listing various offshore funds under Bermuda (REGULATED) with columns for Fund Name, Unit Price, and % Change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB RECOGNISED) with columns for Fund Name, Unit Price, and % Change.

GUERNSEY (REGULATED)

Table listing various offshore funds under Guernsey (REGULATED) with columns for Fund Name, Unit Price, and % Change.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB RECOGNISED) with columns for Fund Name, Unit Price, and % Change.

GUERNSEY (REGULATED)

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GUERNSEY (SIB RECOGNISED)

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IRELAND (SIB RECOGNISED)

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[illegible][illegible]

BANKS, RETAIL

[illegible]

DISTRIBUTORS

	Notes	Price
Microselect Index	—	77
International Cash \$	—	214.5
Persport SKR	—	1158
Purvak	—	244
Scapa	—	262.5
Saccharin Speak	—	21.5
Wickor	—	260
Wolfgangbichem	—	682.5
Yokohama	—	228
Yule Cotto	—	255.5
Zimex	—	248

	Miles	Price
2-Door	1.8	\$800
4-Door	2.1	\$875
6-Door	2.4	\$950
8-Door	2.7	\$1,025
10-Door	3.0	\$1,100
12-Door	3.3	\$1,175
14-Door	3.6	\$1,250
16-Door	3.9	\$1,325
18-Door	4.2	\$1,400
20-Door	4.5	\$1,475
22-Door	4.8	\$1,550
24-Door	5.1	\$1,625
26-Door	5.4	\$1,700
28-Door	5.7	\$1,775
30-Door	6.0	\$1,850
32-Door	6.3	\$1,925
34-Door	6.6	\$2,000
36-Door	6.9	\$2,075
38-Door	7.2	\$2,150
40-Door	7.5	\$2,225
42-Door	7.8	\$2,300
44-Door	8.1	\$2,375
46-Door	8.4	\$2,450
48-Door	8.7	\$2,525
50-Door	9.0	\$2,600
52-Door	9.3	\$2,675
54-Door	9.6	\$2,750
56-Door	9.9	\$2,825
58-Door	10.2	\$2,900
60-Door	10.5	\$2,975
62-Door	10.8	\$3,050
64-Door	11.1	\$3,125
66-Door	11.4	\$3,200
68-Door	11.7	\$3,275
70-Door	12.0	\$3,350
72-Door	12.3	\$3,425
74-Door	12.6	\$3,500
76-Door	12.9	\$3,575
78-Door	13.2	\$3,650
80-Door	13.5	\$3,725
82-Door	13.8	\$3,800
84-Door	14.1	\$3,875
86-Door	14.4	\$3,950
88-Door	14.7	\$4,025
90-Door	15.0	\$4,100
92-Door	15.3	\$4,175
94-Door	15.6	\$4,250
96-Door	15.9	\$4,325
98-Door	16.2	\$4,400
100-Door	16.5	\$4,475

FOOD PRODUCERS

	Notes	Price	+ or -	1997	high	low
Vanguard R		250	-10	130	210	110
Vanguard AS		231 1/2	-1	120	231 1/2	110
Vanguard Colonial AS		50	-1	37 1/2	50	27 1/2
Vanguard Country AS		50	-1	37 1/2	50	27 1/2
Vanguard Intl		448 1/2	-1	400	448 1/2	400
Vanguard Mexico		20	+1	17 1/2	20	15
Vanguard Pacific		20	-1	17 1/2	20	15
Vanguard Pacific AS		474 1/2	-1	400	474 1/2	400
Vanguard Real Estate		100 1/2	-1	100 1/2	100 1/2	100 1/2
Vanguard R		221 1/2	-1	221 1/2	221 1/2	221 1/2
Vanguard Small Cap		100 1/2	-1	100 1/2	100 1/2	100 1/2
Vanguard Tech AS		61 1/2	-1	61 1/2	61 1/2	61 1/2
Vanguard Total AS		130	-1	130	130	130
Vanguard World AS		130	-1	130	130	130
Vanguard Growth R		161 1/2	-1	161 1/2	161 1/2	161 1/2

WESTARDS 2 173 2 1 173 2 1 173 2 1

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1992

Notes	Price	Yield
Pacific Horizon	33 1/2	12 1/2
Windsor	22 1/2	22 1/2
Pacific Intl.	22 1/2	22 1/2
Horizon	16 1/2	7 1/2
Pacific Europe	16 1/2	7 1/2
Pacific for U.S. Gov.	117 1/2	127 1/2
Windsor	86 1/2	117 1/2
Pacific Japan	86 1/2	152 1/2
Pacific Asia	33 1/2	288 1/2
Pacific Asia	33 1/2	277 1/2
Pacific Income	131 1/2	127 1/2
Windsor	107 1/2	122 1/2
Pacific Intl.	107 1/2	122 1/2
Windsor	20 1/2	26 1/2

BUILDING & CONSTRUCTION

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ENGINEERING VEHICLES

	High	Price	+ or -	1987
Adjusted	148 1/2	148 1/2	-	354
Author's Share	172	172	-	197
Event Rights	200	200	-	250
Advertising Price	250	250	-	250
Event Rights	250	250	-	250
Option Fee	250	250	-	140
Buyout	317 1/2	317 1/2	-	329

HEALTH CARE

[illegible]

164

17.3	Factory Electric Machine	2004
17.4	Factory Electric Machine	2004
17.5	Factory Electric Machine	2004
17.6	Factory Electric Machine	2004
17.7	Factory Electric Machine	2004
17.8	Factory Electric Machine	2004
17.9	Factory Electric Machine	2004
18.0	Factory Electric Machine	2004
18.1	Factory Electric Machine	2004
18.2	Factory Electric Machine	2004
18.3	Factory Electric Machine	2004
18.4	Factory Electric Machine	2004
18.5	Factory Electric Machine	2004
18.6	Factory Electric Machine	2004
18.7	Factory Electric Machine	2004
18.8	Factory Electric Machine	2004
18.9	Factory Electric Machine	2004
19.0	Factory Electric Machine	2004
19.1	Factory Electric Machine	2004
19.2	Factory Electric Machine	2004
19.3	Factory Electric Machine	2004
19.4	Factory Electric Machine	2004
19.5	Factory Electric Machine	2004
19.6	Factory Electric Machine	2004
19.7	Factory Electric Machine	2004
19.8	Factory Electric Machine	2004
19.9	Factory Electric Machine	2004
20.0	Factory Electric Machine	2004

INV TRUSTS SPLIT CAPITAL[illegible]

4. ELECTRICITY

	Notes	Price
Refined Energy	5.00	68.00
Energy Group	5.00	68.00
Refined A Wkr	5.00	68.00
B Wkr	5.00	68.00
National Grid	5.00	68.00
National Power	5.00	68.00
Northern Electric Plc Sh	5.00	68.00
Northern Ireland	5.00	68.00
Power Gen	5.00	68.00
Scottish Hydro	5.00	68.00

ELECTRONIC & ELECTRICAL EQUIPMENT

[illegible]

BUILDING MATS & MERCHANTS

[illegible]

ENGINEERING

[illegible]

CHEMICALS

[illegible]

EXTRACTIVE INDUSTRIES

Year	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	

HEALTH CARE - Cont.

	Notes	Price
Smith & Neph	2H 1881	1.00
Jamies		2.25
Opel Life Sides		72.5
Int. Chem		280.0
Radio Drug Co		287.5
Westminster H. Co.		280.0

HOUSEHOLD GOODS

Item	Price
1. 1000	1000
2. 1000	1000
3. 1000	1000
4. 1000	1000
5. 1000	1000
6. 1000	1000
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8. 1000	1000
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98. 1000	1000
99. 1000	1000
100. 1000	1000

INSURANCE

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INVESTMENT TRUSTS

	Moets	Price	+ or -	Moets
Approved by the Island Revenue				
Am. Sugar	501		+0	5341
Am. Sugar Co's	1610			102
Am. Trust	80			102
Approved European	115			10
Warrant	25			225
American New Clean	23			225
Warrant	115			115
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Warrant	25			225
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COMPANIES AND FINANCE

Ladbroke's check-in time still looks undecided

Scheherazade Daneshkhu on the significance of the group's Californian hotel alliance

Peter George, chief executive of Ladbroke, is a betting man. But ask him for the odds on Ladbroke staying independent in a few years' time and he will decline to quote you any.

The chances of Ladbroke losing its independence may have lengthened since last year, when the shares were nearly a third lower than today. But the frantic pace of consolidation in the international hotel industry suggests it would be unwise to cash in any stakes just yet.

Ladbroke's fortunes are increasingly bound up with those of Hilton Hotels Corporation, the California-based group which controls the eponymous hotels in the US. Ladbroke owns Hilton International, which operates Hiltons outside the US.

The two were in legal dispute until a year ago when Stephen Bollenbach, newly-appointed chief executive of Hilton Hotels and a renowned dealmaker, reached an agreement with Peter George to market Hilton as a unified brand and

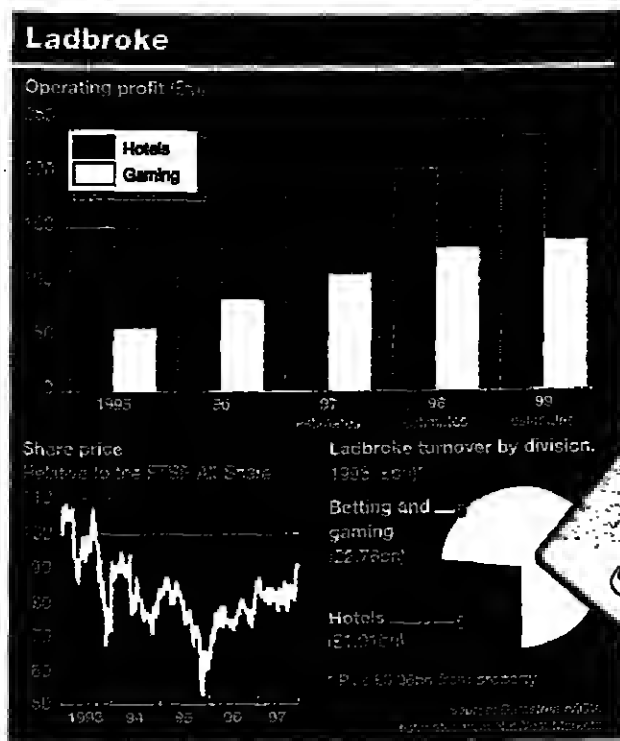
allow the companies to take stakes of up to 20 per cent in the other.

The shares of the UK betting and hotels group rose strongly earlier this month, mainly due to rumours connected to the impending climax of Hilton Hotel's nine-month hostile \$8.8bn (\$5.12bn) bid for ITT Sheraton hotel chain.

It was rumoured that if Hilton Hotels secured ITT shareholders' approval at their meeting on November 12, Ladbroke stood to gain Sheraton's international hotel contracts. And if Hilton Hotels lost, Ladbroke would become its next bid target.

Analysts believe this "win-win" sentiment, propounded mainly by traders, is misplaced, although many say Ladbroke's premium rating - it is trading at a 20 per cent premium to the market this year and 13 per cent next - is justified because of the recovery of its betting business and benefits from the Hilton alliance.

The "win-win" scenario



now looks redundant after Hilton Hotels' offer for ITT was trumped earlier this week by an agreed \$9.8bn bid by Starwood Lodging, a small property company. Mr Bollenbach's offer is still on the table, presumably in the hope that shareholders will be nervous about taking Starwood's mainly paper

offer when they meet next month. But, in the increasingly unlikely event that Hilton Hotels were to succeed, "how likely is it that Mr Bollenbach would give Sheraton management contracts to Ladbroke on a golden plate?" asks Paul Slattery, leisure analyst at Dresdner

Kleinwort Benson. Many analysts also think it unlikely that Hilton Hotels will launch a takeover bid for Ladbroke, although few doubt that the two will eventually merge. Hilton Hotels considered an agreed bid for Ladbroke last year, but was unable to surmount the problem of making its paper

attractive to UK investors. Moreover, Ladbroke's shares are 40 per cent more expensive than a year ago, making a bid harder to justify. They have outperformed the market by 15 per cent over the past 12 months and the leisure and hotels sector by nearly 30 per cent. "Investors should ask

what Hilton Hotels' shareholders would say if Mr Bollenbach were to bid 300p or more now, when he said he had reviewed the opportunity in summer 1996 when Ladbroke's share price averaged 180p-200p," says Andrew Hunter, leisure analyst at ABN AMRO Hoare Govett.

Ladbroke's premium rating also makes it increasingly unlikely that Mr Bollenbach will take a 5 per cent stake announced last year. The promise, however, was enough to deter potential predators while he put together the ITT bid.

Some analysts have recently raised their forecasts for Ladbroke on expectations of faster than expected growth at Hilton International, which accounts for 70 per cent of Ladbroke's profits.

Dresdner Kleinwort Benson believes the gains from the Hilton alliance, under which the two groups will share a single hotel loyalty programme, have been underestimated. It has upgraded profits growth from 10 per cent per annum in 1998 to 15 per cent.

Moreover, Ladbroke's international exposure - 40 per cent of its earnings are from outside of the UK -

allow it to take advantage of recovery in the European hotel market at a time when growth in the buoyant UK market is beginning to slow. The market in France has begun to pick up and the more depressed German market is also showing signs of recovery.

Ladbroke's betting shops are also bouncing back after being hit by the National Lottery. The introduction of fruit machines in the betting shops after gaming deregulation has added more than \$6m to profits, while new numbers games are also producing a new income stream. Analysts expect the group to make underlying pre-tax profits of \$218m-222m this year (\$163m) and \$250m-264m next year.

Many have the stock on a buy or add recommendation, but Mr Hunter believes the shares look expensive. "I think there is a lot of hope value riding on this stock, which investors might be wise to reconsider," he said.

Nevertheless, Hilton Hotels could be provoked into a bid if Ladbroke became the target for another predator. While Starwood appears a surprising saviour for the much larger ITT Corporation, Ladbroke's white knight is all too visible.

ITV companies plan levy appeal

By John Gapper, Media Editor

ITV companies are expected to call next week for regulators to consider changes to terms under which franchise licences are renewed, amid fears they could otherwise have to pay more.

They are likely to argue that increased payments would reduce the amount available for commissioning and making programmes.

The companies, led by Granada Group, Carlton Communications and United News & Media, are likely to suggest several ways to amend the valuation formula put forward by the Independent Television Commission in July.

Although ITC officials have indicated they expect a drop in the £400m levied annually on ITV companies following the 1991 franchise round, the formula set out in the paper is seen by analysts as likely to raise the levy.

Peter Rogers, the ITC's chief executive, told the national heritage select committee in February that "the likelihood is that [licence fees] will be coming down". The commission has also indicated it may amend its proposals.

Credit Suisse First Boston, the investment bank, has argued that Carlton, which owns three ITV franchises,

would face an increase of \$90m in its licence fees if the formula is not changed.

Some ITV company directors are wary of making too strong a public protest about the formula in case it affects share prices. "If you take the formula literally, it gives you an absurd result," said one.

The formula was devised by the ITC as a substitute for the competitive auction method deployed in 1991. It is intended as a way of taxing "excess" profits of ITV companies during a 10-year licence period from the turn of the century.

The ITV companies are likely to suggest several ways to amend the formula: ● The ITC could count production investment in the formula. This would raise the level of capital seen to be invested, and so reduce the level of "excess" return on that capital.

● It could calculate the levy only on broadcasting activities. The ITC's proposed formula would also include costs and revenues from programme making and production.

● The regulator could make a generous estimate of how many ITV viewers will transfer to digital television. It has said it will not count the revenues from digital broadcasting in calculating profits.

BBA to make first move into Latin America

By Andrew Edgecliffe-Johnson

BBA, the diversified engineer, has appointed an executive to supervise its first expansion into the Latin American market, and is planning an imminent move into Brazil.

The group has already begun negotiations on acquisitions, joint ventures and establishing greenfield operations for all three of its core divisions - friction

materials, aviation, and non-woven textiles.

The individual deals could each cost up to \$40m (\$25m), suggesting a total investment of about \$100m over the next two to three years, although BBA is not thought to have assigned a set sum of money for the expansion.

BBA's first public move into Brazil is expected to be a deal in its non-woven textiles division, which makes hygiene products such as nappies, disposable medical

items and industrial materials.

Its friction, or braking, systems division is also likely to follow the many automotive manufacturers who have plants in Latin America. BBA hopes to reduce the dependence on the US market of its aviation division, which refuels and maintains corporate jets.

Chief executive Roberto Quarta has appointed Felix Colas, an electrical engineer who is currently responsible

for all UK industrial group BTR's operations in Latin America and has worked in Brazil for 30 years.

Mr Colas will become president and chief executive of BBA's Latin American operations, reporting directly to Mr Quarta, but working with BBA's divisional chief executives.

At present 54 per cent of BBA's turnover comes from North America and 12 per cent comes from the UK. The move into Brazil is

likely to be followed by expansion in the Pacific Rim.

Mr Quarta has said that further organic growth will come from geographic expansion, market share gains, and technological innovation.

BBA's appetite for a large acquisition was demonstrated last year, however, by BBA's unsuccessful attempt to derail the merger of Lucas Industries of the UK and Varty Corporation

of the US with a putative \$2.4bn bid for Lucas.

BBA is still believed to be eager to buy BBA's friction business, but Federal Mogul of the US is not planning to make large disposals after its £1.5bn takeover of the UK components group.

BBA is expected to complete its exit from electrical engineering and erase its debts with the disposal early in 1998 of Ajax Magnethermic, the heat treating equipment group.

Parent gives Randgold Resources helping hand

By Kenneth Gooding, Mining Correspondent

Randgold Resources, the African gold mining and exploration company that listed in London in June, is to receive the US dollar equivalent of \$90m (£11.8m) from its South African parent, Randgold, over the next 12 months and will repay with the issue of shares.

Resources is "examining the most appropriate way in which all shareholders can take part" in this exercise, which would enable the company to conserve its cash, Resources said yesterday, when reporting half-year results.

Losses before tax for the six months to September 30 were \$2m less than forecast in the prospectus, at \$15.6m, mainly because of reduced exploration expenditure. The figure included a cash operating loss of \$1.2m, depreciation charges of \$8.8m and exploration spending of \$5.5m.

There are no comparative figures because Randgold was an exploration company until it bought the Syama mine in Mali from BHP Minerals in October last year.

Capital expenditure in the six months was \$12.9m. Syama produced 59,260 ounces in the half year at a cash operating cost of \$333

an ounce. Average price received was also \$333. Changes to the capital programme meant that milling production was lower than forecast, which affected unit costs and profits.

Production is planned to average 12,500 ounces a month until the commissioning of a first additional mill in March. Cash costs should be about \$309 an ounce for the remainder of the financial year. The capital expenditure programme, which will reduce costs to \$270 an ounce and increase annual output to 270,000 ounces, is expected to be completed seven months ahead of schedule in November 1998.

Hunting contract puts army in driving seat

By Alexander Nicoll, Defence Correspondent

British soldiers are to be taught how to drive armoured vehicles by civilians under an innovative contract won by Hunting, the oilfield services, aerospace and defence equipment group.

The deal, which also includes maintenance of about 100 armoured vehicles, will be worth about \$30m over five years to Hunting, which now has 18 contracts to support the UK armed services, bringing in more than \$40m per year.

John Reid, the armed forces minister, said the services to be provided by Hunting at the Royal Armoured Corps centre at Bovington and Lulworth, Dorset, would save about 10 per cent of the costs of existing operations and release about 250 military personnel for "front-line" duties.

Hunting Contract Services,

a division of Hunting Aviation, will take on 240 civilian servants employed at the centre and will recruit additional staff. It said the contract would create about 150 jobs in Dorset.

Bob McLuckie, director of contract services at Hunting, said he expected the "civilianisation" of support services for all three armed forces would continue, as the government has signalled its commitment to reduce costs while maintaining flexibility.

Military personnel released from their duties by the Hunting contract will form a new armoured reconnaissance regiment with Nato's Allied Rapid Reaction Corps in Germany.

The Royal Armoured Corps centre, part of the Army Training and Recruiting Agency, trains soldiers to drive and fight in armoured vehicles ranging from Challenger 2 tanks to armoured personnel carriers

and specialist vehicles.

Under the contract, Hunting and TecQuipment, a subcontractor, will provide the staff - usually ex-service personnel - to train soldiers in driving, gunnery and signals and will help to produce training software. Hunting will manage and maintain the armoured vehicles.

In consultations on the government's defence review, private sector companies are putting pressure on ministers to contract out more support functions. Most of the army's tanks, for example, are maintained by army or MoD personnel with manufacturers having little involvement.

Companies say they can give better performance guarantees for their products if they are involved in maintenance and repair, although they acknowledge that expertise may need to remain within the army for dealing with equipment problems on the battlefield.

Mackie falls to £5.4m into the red

Mackie International, the precision engineering group, reported an interim pre-tax loss of \$5.4m against \$4.1m as turnover improved from \$4.1m to \$7.1m.

The company said that exceptional charges in the six months to June 30 of \$1.7m (\$3m) resulted from a financial restructuring and represented provision for warranties and completion costs.

The loss of \$3.7m before exceptional charges with a forecast of \$4m at the time of a rights issue in June to raise \$5.25m.

The company also announced yesterday it had purchased Rice & Co., a Northampton-based foundry, and would be transferring production to its own new Springvale foundry.

Losses per share were 44.6p (43.4p) and there is no dividend. The shares gained 2½p to 22½p.

Investors in WH Smith applaud new approach

By Robert Wright

Some of the first investors to meet the WH Smith board, the bookseller chain, to persuade shareholders to make him chief executive and empower him to give cash back to shareholders.

One large shareholder said of the meeting with Smith: "They were able to state quite clearly why the Waterstone's demerger was in the best interests of shareholders."

Another large shareholder said: "Generally speaking, it was a positive meeting. They came over quite well." The

shareholder said he had come to have doubts both about the high level of debt in Mr Waterstone's proposals, and the inclusion in his plan of Daisy & Tom, his newly started one-stop children's retailer.

WH Smith is yet to meet some of the shareholders who were most impressed with Mr Waterstone's proposals, however. Some of them might yet carry out their threat to go back to Mr Waterstone, asking him to make a third approach to the WH Smith board with his ideas for the group.

RESULTS		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current dividend (p)		Date of payment		Dividends corresponding to share		Dividend yield (%)	
Company	Period	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997
Anglo Japanese	6 mths to June 30	0.582	(2.42)	0.021	(0.122)	0.06	(0.37)								
Barclays	6 mths to June 30	1.43	(1.3)	1.57	(1.49)	1.57	(1.49)								
British Gas	6 mths to June 30	6.29	(5)	0.74	(0.24)	0.53	(0.17)								
British Petroleum	6 mths to June 30	15	(16.1)	0.015	(0.008)	0.08	(0.03)								
British Telecommunications	6 mths to June 30	35.6	(28.3)	3.25	(2.2)	6.6	(4.3)	1.55		Dec 15		1.5		0	3.6
British Airways	6 mths to June 30	7.14	(4.11)	5.42	(4.14)	44.8	(43.4)	1.7		Dec 10		3.7		3.7	
British Airways	6 mths to June 30	10.1	(7.82)	1.61	(0.86)	10.1	(16.5)	1.2		Dec 8		3.7		3.7	
British Airways	6 mths to June 30	3.44	(2.48)	1.6	(0.59)	5.17	(12.9)	0.75		Jan 8		0.75		0.75	
British Airways	6 mths to June 30	25.2	(26.2)	1.29	(0.86)	2.2	(1.7)	0.37		Jan 8		0.37		0.37	
British Airways	6 mths to June 30	89.5	(92.1)	2.27	(0.33)	2.4	(15.4)	0.37		Jan 8		0.37		0.37	
Investment Trusts		NAV (£m)		Attributable earnings (£m)		EPS (p)		Current dividend (p)		Date of payment		Dividends corresponding to share		Dividend yield (%)	
Geared Income	6 mths to Sept 30	49.9	(78.07)	2.8	(2.57)	4.28	(4.08)	0.875		Nov 29		1.75		7.2	
Flamingo Far Field	6 mths to Sept 30	168.8	(149.4)	0.413	(0.322)	0.69	(0.97)	0.67		Nov 29		0.67		0.67	
Scottish Oriental	Yr to Aug 31	105.86	(111.04)	0.257	(0.189)	1.17	(0.79)	0.57		Jan 23		0.57		0.57	

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10n increased capital. 4m stock. 2p per ordinary and one income share. British currency. * Comparative restated to reflect 10 for 1 share consolidation, Nov 96

New Issue

This information appears as a matter of record only. The bonds described below have already been offered for sale.

October 24, 1997

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ABN AMRO Hoare Govett ABN AMRO Bank (Deutschland) AG	CDC Marchés Caisse des Dépôts et consignations GmbH
Credit Suisse First Boston Aktiengesellschaft	Deutsche Morgan Grenfell Deutsche Bank Aktiengesellschaft
Merrill Lynch Capital Markets Bank Limited Frankfurt/Main Branch	MORGAN STANLEY DEAN WITTER
SBC Warburg A Division of Swiss Bank Corporation	Société Générale S.A.
	Commerzbank Aktiengesellschaft
	HSBC Trinkaus Trinkaus & Burkhards AG
	Rabobank International
	Westdeutsche Landesbank Girozentrale

Toshiba shares fall as profits slide 47%

Pressure in PC and chip markets blamed

By Michio Nakamoto
in Tokyo and agencies

Severe competition in global personal computer and semiconductor markets caused a 47 per cent slide in pre-tax profits at Toshiba, the diversified electronics and electronics group, to ¥25.4bn (\$210m) in the six months to September 30.

The group said yesterday that it expected difficult market conditions in these sectors to continue and reduced its forecast net profit for the full year by a fifth to ¥75bn. The news was worse than investors expected, and the shares tumbled ¥22 or 3.61 per cent to ¥556, a low for the year.

NEC, the other big Japanese integrated electronics group, yesterday achieved a 7 per cent rise in pre-tax profits in the six months to September 30, but also reported difficulties in its personal computer and semiconductor activities.

Toshiba, the world's leading supplier of laptop computers, said competition was particularly severe in the US, where it lost market share to Compaq Computer and International Business Machines. PC sales in the domestic market had also slowed.

The group has slashed its forecast for global PC sales in the full year to ¥740bn from the ¥1,000bn previously forecast. In unit terms, the company expects to sell 700,000 units in the Japanese market, rather than ¥850,000 and 2.45m overseas, instead of the previously forecast 3.15m units.

The semiconductor business suffered from price pressures applied by PC makers. Memory chip prices had not stabilised

as expected, with prices of advanced 64-megabit dynamic random access memory chips falling substantially, the company said.

Forecast full-year sales of ¥970bn from semiconductor has been revised to ¥935bn.

Toshiba said digital video disc sales had been in line with expectations. The company, which has a 40 per cent share of the DVD player market in the US and about 15 per cent of the Japanese market, has shipped an average of 30,000 units a month so far.

Sales were up 4 per cent at ¥1,825bn (¥1,749bn), buoyed by rises in the information/communications and heavy electrical apparatus divisions. But in line with the lower recurring profits, net profits fell 23 per cent at ¥22.4bn (¥29.2bn).

NEC results, Page 23

Generali outlines plan to finance AGF bid

By James Fitz in Rome

Assicurazioni Generali, Italy's largest insurance company, will seek to raise L4,400bn (\$2.5bn) from shareholders to help finance its L16,000bn hostile bid for AGF, France's second-largest insurer.

In a fresh sign of its determination to become Europe's third-largest insurance company, Generali said in a filing with the Paris Bourse it would ask shareholders for some of the money for its bid. The exact form of the fundraising will be decided at a forthcoming board meeting.

Generali also said it would raise an additional L1,000bn in a subordinated bond offering - debt which is riskier than senior notes or equity. It may also use some of its L3,600bn of free cash currently on its books.

The remaining cash for the operation - about L4,500bn - will come from a two-year loan facility, which will be financed through the sale of assets and facilities that are deemed "non-strategic".

Details of the financing operation, submitted to the French stock market authority late on Thursday, also note that Generali is seeking a "unique position in Europe".

"This operation," the Trieste-based group said, "will allow AGF to take part in the creation of a truly international group, one that would be 'in a better position to confront the challenges of the single market'."

The filing answers objections from AGF that a successful takeover could deprive it of its French character.

AGF, which has declared Generali's bid hostile, has described the FF300 (\$50.5) per share bid as "inadequate" and has vowed to continue its Italian insurer would dismantle it.

Shares in AGF, which have risen sharply recently on bid speculation, last night closed in Paris little changed at FF318.5, while Generali was ahead L218 at L39,112.

Share bondage

THE LEX COLUMN

Turbulence on world stock markets this week has raised a nice point: are they correlated to the point where geographic diversification is a fruitless endeavour? It can sometimes appear so. A 10 per cent plunge in Hong Kong share prices on Thursday was enough to flatten global equity prices, despite other markets facing none of its peculiarities. And on a daily basis, Wall Street sets the tone for most equity and bond markets. But the two are different: Wall Street exerts constant influence because it is the world's largest capital market.

Hong Kong, on the other hand, was a classic short-term shock with wider reverberations.

While sentiment may cause short-term correlations, economic fundamentals will ultimately prompt divergence. Hence the collapse in Japanese equities in recent years, while the rest of the world enjoyed a bull market. Right now, though, Japan offers another timely lesson for investors: bond and equity prices do not always rise in tandem. Japan's strong bond market rally has not helped share prices. But in Europe and the US, the two have mostly been positively correlated in recent years.

That now looks set to change. Interest rates are clearly on the rise in Europe, and probably in the US too. That is bad news for bonds, but buoyant corporate profits should support equities. The snag is the steady stream of profit warnings emerging from the US. With Japan still on its knees, that leaves European equities the best mainstream option for now.

Microsoft/TV

When the internet threatened to usurp Microsoft's personal computer software monopoly, Bill Gates fought back with the motto "embrace and extend". So well, in fact, that the US anti-trust authorities are taking him to court for trying to extend his dominance into the market for internet browsers.

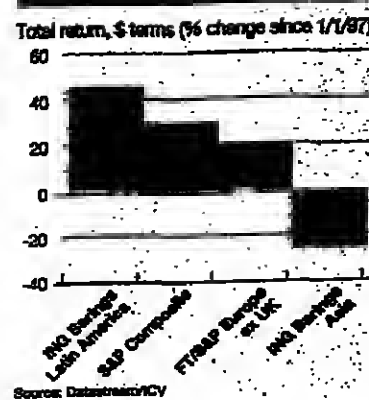
But while regulators investigate the battle of the browsers, the ever-restless Mr Gates has already opened a new front: the battle of the boxes - a struggle to extend his dominance from the PC to the television.

On one level, the battle of the boxes looks mundane. Mr Gates wants to persuade broadcasters to install set-top boxes capable of receiving interactive TV that use his Windows CE software. But one

FTSE Eurotop 300 index

945.5 (+1.4)

World markets



Mr Gates is that Microsoft could gain a recurring revenue stream from providing a platform for interactive services.

While some broadcasters are attracted by the promise of subsidies, others worry that it could turn out to be a pact with the devil. The fear is that Microsoft's software could prove a sort of TV traffic cop, perhaps directing viewers to whichever programme suppliers paid most. Earlier this year, for example, Mr Murdoch told the FT: "I am very worried about what Gates is doing: he is trying to place himself between us and our customers."

Whether the anti-trust authorities should be worried is another matter. After all, Microsoft is negotiating with big boys, often as well-versed in the monopoly game as Mr Gates himself.

UK rights issues

Should Britain's underwriting practices be referred to the Monopolies and Mergers Commission? They should. But such an inquiry should examine much wider questions than underwriting fees alone. The most important is whether the pricing of an issue, as well as sub-underwriting fees, should be open to auction. An offering to a broader range of institutions should achieve a better price for the equity. The benefits from a proper marketing exercise are real.

Shareholders naturally worry that such an open offering over-looks their pre-emptive rights. They point out that they own the company, and there is a risk of their stakes being massively diluted. Fair enough, but clearly this is a matter of degree. Long ago, they conceded that UK companies could issue an additional 75 per cent in new equity over three years. This limit could reasonably be increased to provide more flexibility without serious risk of dilution.

Moreover, just as the threat of an MMC inquiry has stimulated experiments with fees, the real thing might force the pace on other techniques. One is bookbuilding with pre-emptive rights left intact. The idea is to conduct an offering, with a price fixed at auction, but to allow existing shareholders first refusal at that price. The case for an MMC inquiry is to open up a menu of techniques, ranging from deeply discounted issues without underwriting to open bookbuilding, without ignoring shareholders' reasonable concerns.

Four possible buyers start talks over BZW businesses

By Jane Martinson,
Investment Correspondent

Four serious bidders have emerged for the equity and advisory businesses of BZW, the investment bank owned by Barclays which was put up for sale three weeks ago.

Three US banks - Credit Suisse First Boston, Donaldson Lufkin Jenrette and Bankers Trust - and Paribas of France are understood to be interested in acquiring the whole of the equity division and corporate advisory services on offer.

Other interested parties in the BZW sale, including the Dutch-owned ING Barings, withdrew from the negotiations after receiving detailed financial information late last week. They were believed to be considering buying parts of the business rather than the entity.

Meanwhile, there has been talk of a possible deal between NatWest Markets, the investment bank owned by National Westminster, and Deutsche Morgan Grenfell, the German-owned investment bank.

A meeting of managing directors at NatWest Securities, the equities division, on Thursday led some analysts to expect an immediate announcement.

Both sides denied that such an announcement was going to be made and denounced the stories as market rumour.

NatWest Markets is also understood to have held tentative discussions with ING Barings in the past few months about the sale of NatWest's equities business. ING Barings is keen to develop a European distribution business as its equity activities are focused in emerging markets. However, these talks are believed to have ended.

A senior Barclays executive said the group would be negotiating with the four remaining prospective buyers of the

BZW equity and advisory businesses over the weekend. He hoped a deal could come as early as next week in spite of the sale's complications.

While the negotiations over the front office staff, including what payments will be made to lock in key personnel, are understood to be relatively straightforward, the division of the back office could take much longer.

Analysts expect the BZW equity and advisory businesses to fetch between £400m and £500m, while a figure closer to £300m is anticipated for NatWest Markets. Directors of BZW, based in Canary Wharf in London's Docklands, would welcome a tie-up with a US bank because the US has been the market most difficult for them to crack. However, some investment bankers favour a European buyer, on the basis that European and Asian markets offer better growth prospects.

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Markets latest

FTSE 100	4,970.2	(-21.3)
Yield	5.28	
FTSE Eurotop 300	945.5	(+1.4)
FTSE All-Share	2,361.28	(-0.3%)
Nikkei	12,323.74	(+0.3%)
New York headline	7,742.2	(+0.3%)
Dow Jones Ind Ave	7,742.2	(+0.3%)
S & P Composite	943.28	(+0.3%)
IN LONDON MONEY		
3-mo interbank	7.5%	(7.5%)
Life long gilt	Dec1993	(Dec1993)
IN US LUNCHTIME RATES		
Federal Funds	5.1%	
9-11 Treas Bill	5.12%	
Long Bond	10.1%	
Yield	6.27%	
IN NORTH SEA OIL (Angula)		
Brent Dated	\$18.48	(18.28)
IN GOLD		
New York Comex (Oct)	\$307.3	(22)
London	\$316.8	(23.2)
IN STERLING		
New York lunchtime	1.8940	
London	1.8941	(1.8940)
FR	2.8058	(2.8058)
DM	2.8058	(2.8058)
Y	106.178	(106.178)
IN DOLLAR		
New York lunchtime	1.7789	
DM	1.7789	(1.7789)
FR	5.3678	(5.3678)
Y	1.4707	(1.4707)
IN EURO		
London	121.975	
DM	1.7789	(1.7789)
FR	5.3678	(5.3678)
Y	1.4707	(1.4707)
IN JAPAN		
London	106.178	(106.178)
DM	1.7789	(1.7789)
FR	5.3678	(5.3678)
Y	1.4707	(1.4707)

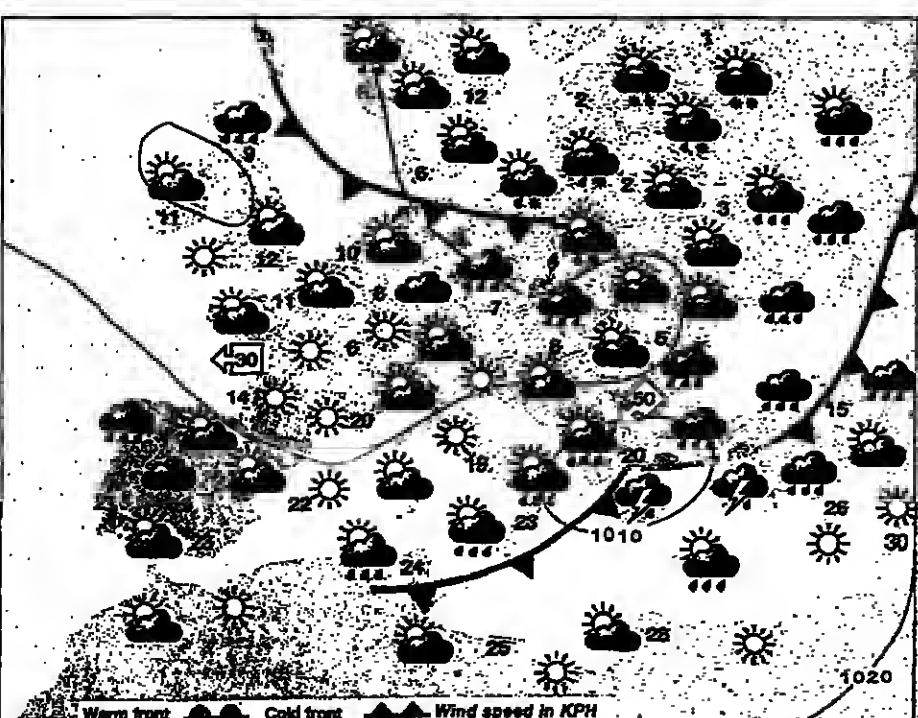
FT WEATHER GUIDE

Europe today

Northern, central and eastern Europe will be cold, with temperatures below freezing at dawn as far south as the Balkans. Scandinavia will be cold and showery with scattered thunderstorms. The north will have snow showers, with heavier falls across northern Finland. Northern Germany and the Netherlands will have some rain but most of central and western Europe will be fine once fog patches have cleared. Most of the Iberian Peninsula will see some sun but rain will move into Portugal. Most of Italy will be dry apart from showers in the south. Greece and Turkey will have some heavy rain and thunderstorms.

Five-day forecast

Northern and eastern Europe and the Balkans will be cold and showery with snow in northern Scandinavia. Central and western Europe and much of the Mediterranean will be fine but Greece and Turkey will have heavy, thundery rain.



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

Maximum/	Beijing	fair	13	Cardiff	cloudy	13	Frankfurt	cloudy	8	Madrid	fair	19	Rangoon	thunder	31
Celsius/	Batavia	cloudy	11	Casablanca	fair	24	Geneva	fair	8	Majorca	sun	22	Reykjavik	rain	8
Fahrenheit	Bombay	sun	30	Chicago	showers	7	Gibraltar	fair	20	Malta	showers	22	Rio de Janeiro	sun	19
	Buenos Aires	drizzle	9	Cologne	drizzle	9	Glasgow	fair	10	Manchester	fair	11	Rome	sun	19
	Bombay	cloudy	25	Dakar	sun	30	Hamburg	rain	9	Mexico City	fair	31	S. Francisco	sun	22
	Bombay	fair	20	Dallas	showers	24	Helsinki	snow	-1	Melbourne	sun	31	Seoul	cloudy	15
	Bombay	fair	20	Dallas	showers	24	Hong Kong	fair	28	Moscow	cloudy	28	Singapore	thunder	30
	Bombay	cloudy	10	Dubai	fair	34	Honolulu	fair	30	Mumbai	cloudy	30	Stockholm	cloudy	2
	Bombay	fair	6	Dubrovnik	sun	15	Istanbul	rain	12	Milan	sun	13	Strasbourg	fair	7
	Bombay	fair	6	Dubrovnik	sun	15	Jakarta	fair	32	Montreal	cloudy	7	Sydney	fair	25
	Bombay	fair	6	Dubrovnik	sun	15	Jersey	fair	14	Moscow	cloudy	1	Taipei	sun	23
	Bombay	fair	6	Dubrovnik	sun	15	Johannesburg	fair	26	Murich	cloudy	8	Tokyo	sun	23
	Bombay	fair	6	Dubrovnik	sun	15	Karachi	cloudy	34	Nairobi	fair	25	Toronto	rain	22
	Bombay	fair	6	Dubrovnik	sun	15	Kuwait	fair	30	Naples	sun	18	Vancouver	rain	12
	Bombay	fair	6	Dubrovnik	sun	15	L. Angeles	sun	27	New York	fair	30	Vancouver	rain	12
	Bombay	fair	6	Dubrovnik	sun	15	Las Palmas	cloudy	27	Lima	sun	19	Vancouver	rain	12
	Bombay	fair	6	Dubrovnik	sun	15	Lisbon	showers	21	Nicosia	sun	28	Warsaw	rain	4
	Bombay	fair	6	Dubrovnik	sun	15	London	showers	13	Oslo	sun	28	Washington	sun	21
	Bombay	fair	6	Dubrovnik	sun	15	Luxembourg	fair	8	Paris	fair	11	Wellington	sun	15
	Bombay	fair	6	Dubrovnik	sun	15	Lyon	fair	6	Perth	fair	23	Winnipeg	fair	-2
	Bombay	fair	6	Dubrovnik	sun	15	Madrid	fair	26	Prague	showers	7	Zurich	fair	8

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Position: _____ Company Name: _____

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Postcode: _____

Tel. No. _____ Fleet Size: _____ Method of Acquisition: _____

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A fair deal in an unfair world



Pink Snow
'Do not let the fact they are marked runs lull you into a false sense of security.'



Stepping out
'Jaws drop in disbelief when we tell friends we don't have a car - or ask for directions via train or bus.'



Jeans war zone
'Designers are joining the bandwagon at an increasing rate - at least four so far this year.'

Pages XV-XIX

Page XXIV

Page X

The ad that sold the world

Thomas Frank explains what really happened in the 1960s - and how the revolution continues

'If you want to show you're gotten somewhere, get a beautiful car. But if you simply want to get somewhere, get a bug.'
Volkswagen advertisement, 1966.

That by the end of the 1960s the Volkswagen had acquired an image more hip than Nazi must be regarded as one of the great triumphs of American marketing.

As a form of anti-advertising - "no fancy gadgets, run by push buttons", the "ugly, little bug" - the Volkswagen series, on billboards, in magazines and on television, introduced the world to a new aesthetic of consuming.

No longer would advertising labour to construct an idealised but self-evidently false vision of consumer perfection. Instead, it would offer itself as an antidote to the patent absurdities of affluence.

The idea was a great innovation of the 1960s, the magic formula by which the life of consumerism could be extended indefinitely, running on the discount that it itself had produced.

"Hip" was the solution to the problems of the mass society, although not in the way the ideologues had intended. Disgust with the consumer society was the best product pitch, applicable to almost anything. Buy This to Escape Consumerism.

Capitalism was entering the space age in the 1960s and Organisation Man, the Man in the Grey Flannel Suit, was a drag not only as a parent, but as an executive. The old values of caution, deference and hierarchy drowned creativity and denied flexibility.

And when business leaders cast their gaze on to the youth culture, bubbling around them, they saw a reflection of their own struggle and an affirmation of a dynamic consuming order that would replace the old.

For these business thinkers, the cultural revolution that has come to be symbolised by the counter-culture seemed to be an affirmation of their own revolutionary faiths, a reflection of their own struggles to call their corporate colleagues into step with the chaotic and frenetically changing economic universe.

The corporate revolution of the 1960s has never ended. In the 1960s, when the world was awakening to the realities of hyper-accelerated global information economy, the language of the 1960s has made a triumphant return. The corporate theory of the 1960s makes explicit references to 1960s management theory and the experiences of the counter-culture.

Like the laid-back executives who personify it, the ideology of information capitalism is a child of the 1960s: the intervening years may have delayed the revolution, but have hardly defused its urgency. One industry - advertising - has provided the clues, the images, and the pithy punchlines.

After all, it was a US clothing retailer, not Marx or Mao or Castro, who delivered this call to arms in 1968: "Men of the world, arise! The revolution has begun and fashion is at the barricades. Charge into Chapman's shops for



men and lead the way to this new-found freedom in men's clothes."

Advertising agencies, according to the common media image of the 1960s, are exceedingly hip places. Advertising people are deeply immersed in the tastes, the music, and the slang of young people, obsessed with the rapid movement of youth culture. And, being an industry that burns out creative talents in an extraordinarily short time, it is a world actually populated by young people.

But in the 1940s, '50s and '60s, the image was very different. Madison Avenue was "Ulcer Gulch". It was a shrine of conformity, American admen were hopeless yes-men, dedicated to affirming their clients' every whim and suffering from an excess of three-Martini lunches.

The central principle of the industry was "science" and there was one reliable method of convincing the consumer to buy: offer him or her a "unique selling proposition".

And so, Playtex girdles had a "Seven-way stretch", and Wonder Bread "helps build strong bodies 12 ways", while "You can have a lower complexion in 14 days with Palmolive soap, doctors prove!" and Fab detergent had "five extra laundries".

To flip through any copy of *Life* from the 1960s is to understand almost instantly that the ads produced were perhaps the worst, given their social and cultural context, that Madison Avenue has ever created.

One looks in vain for anything that deviates even slightly from the cold war orthodoxy of prosperity, progress, and consumer satisfaction. Never had advertising been so unwilling to acknowledge the myriad petty frustrations, the anger, the fear that make up so much of daily existence. And never had it been so vulnerable to mockery, nor to the emergence of a prophet

whose influence on the western world has hardly been appreciated.

The towering figure of the advertising world of the 1960s - and a man of immense cultural significance - was Bill Bernbach, the guiding spirit of Doyle Dane Bernbach agency, DDB. He altered the look, language and tone of advertising with its long-running campaign for Volkswagen and dozens of other brands. Bernbach was at once a hard-headed adman and one of post-war consumerism's most trenchant critics.

He was the first adman to appeal directly to the powerful but unmentionable public fears of conformity, of manipulation, of fraud, and of powerlessness, and to sell products by doing so. He

invented anti-advertising: he harnessed public mistrust of consumerism to the cause of consumerism itself.

Bernbach was an ideologue of disorder, an untiring propagandist for the business value of the principles of modern art. A booklet of his memorable sayings compiled by DDB begins with this aphorism: "Rules are what the artist breaks; the memorable never emerged from a formula." "Imitation can be commercial suicide," runs another.

In practice, he maximised the freedom of creative workers and eliminated much of the hierarchy and bureaucracy customary at large agencies in the 1960s. He placed limitations on

clients' authority that led directly to the rapidly escalating willingness to violate the conventions of commercial speech. A number of DDB's most famous campaigns, such as the Volkswagen ad that played on the car's ugliness, and the Avis ad that proclaimed "We're Number Two", were extremely distasteful to clients and would surely have been axed had the clients not already agreed to defer to the agency's decision.

The advertising that DDB began making for Volkswagen in 1959 is one of the most analysed, discussed and admired campaigns in the history of the automobile, studied in introductory marketing classes and included in advertising retrospectives of all kinds.

The campaign's power derived from its blatant transgression of nearly every convention of auto advertising. Its success validated overnight the Bernbach creative philosophy, set off a thousand corporations in search of similar ads for themselves and precipitated a revolution in ad making.

The history of the consumer society is largely the history of the automobile, of the prosperity it brought to blue-collar workers, of the mobility and sexual freedom it permitted, and of the myriad consumer fantasies with which it was associated in the years after the second world war.

Cars then were designed and advertised to resemble the exciting hardware of the cold war: streamlined, finned like aeroplanes, decorated with flashing chrome and abstract representations of rockets.

A Dodge ad declared that "the new Sweep-Wing look for '59 is set off by thrusting Jet-Trail Tail Lamps". The pinnacle of boorishness was reached in ads for the 1961 Buick: "What a wonderful sense of well-being just being seen behind its wheel. No showing off. Just that Clean Look of Action which

unmistakably tells your success."

The DDB debunking campaign for Volkswagen began in 1959, puncturing the myths in the very year that enormous tailfins were at their largest on cars made by General Motors. The early ads were startlingly minimalist and in black and white. They were always organised around a pun or joke, a rare thing at the time.

Instead of boasting with Technicolor glare, the artwork committed such bizarre heresies as including only a tiny picture in the upper-left hand corner of an almost blank page, depicting the car floating in water, drawn on to an egg, dented in an accident, crushed by a car scrapping machine, or absent altogether except for a pair of tracks in the snow.

What made the Volkswagen ads seem "honest" were the curious admissions of (what appeared to be) errors. The station wagon was a "monster" that "looked like a shoe box", while an experimental model that never made it to production was "something awful. Take our word for it".

Then there were the occasional admissions that Volkswagen was, like every one else, profit-driven "since we have this burning desire to stay in business."

At times, DDB even encouraged readers to demystify the techniques of ad-making. As one ad from 1964 put it, rather disingenuously: "Just because we sell cars doesn't put selling at the top of our agenda." So similar in format were the various Volkswagen print ads, that in 1963 the company ran an ad with no picture, no headline, three blank columns, and instructions on "How to do a Volkswagen ad".

Addressing the "real" problems of society and outlining "real" differences was the story of advertising in the 1960s. As the decade

progressed, Bill Bernbach's values and his revolutionary restructuring of the creative process spread rapidly through the industry.

The rage for creativity was fuelled partly by the demands of the admen, but more importantly by the traditional buyers of advertising, the big blue-chip clients, who, impressed by the formula they saw in the Volkswagen campaign, demanded similar work from their agencies.

After the post-war years of

predictability and Utopian fantasy, western capitalism suddenly developed an enthusiasm for graphic sophistication, for naturalism, for nonconformity, and for wilful transgression.

Virtually anyone who lived through the 1960s in the US remembers advertising's strange and sudden infatuation with counter-cultural imagery, its overnight conversion to rock music and scenes of teenagers dancing their strange indecipherable dances.

Models on television became younger, gave up their clean appearances for long hair and rebel garb, and traded ingratiating smiles for serious stares at the camera. The fault lines of advertising had changed, seismically and suddenly. One day in 1967, Madison Avenue Man shed his grey flannel suit and leapt headlong into youth culture. He is yet to return.

The name given by admen to their target market was "young thinking", a rubric under which you could classify almost everybody. The function of "youth" in advertising was symbolic, an easy metaphor for a new consumer value-system.

A *Business Week* article in 1970 predicted: "The 1970s promises to become the decade when youth becomes a state of mind and overflows all traditional age boundaries... whether they are marketing to youth or to youthfulness. Businessmen find the prospects exhilarating."

Through the proliferation of psychedelia and "Yellow Submarine art", advertisers were careful to speak a language that sounded hip but got a message across to young and old alike. The favourite advertising term for the counter-culture was the "Now Generation", which implied absolute openness.

It also intimated what admen felt was the young's most important characteristic as consumers: their desire for immediate gratification; their craving for the new; their intolerance for the slow moving, the peevish and the thrifty. Thus began the consumer revolt against mass society.

From Thomas Frank's, *The Conquest of Cool*, published next week by the University of Chicago Press. 272 pages, £18.25.



Joe Rogaly
Common Wealth
'As a former colony, America is well qualified for membership.'

Page III

Next Week
Art Market
'The new school of buying that has turned the art market on its head.'

In FT Weekend

THROTTLEMAN

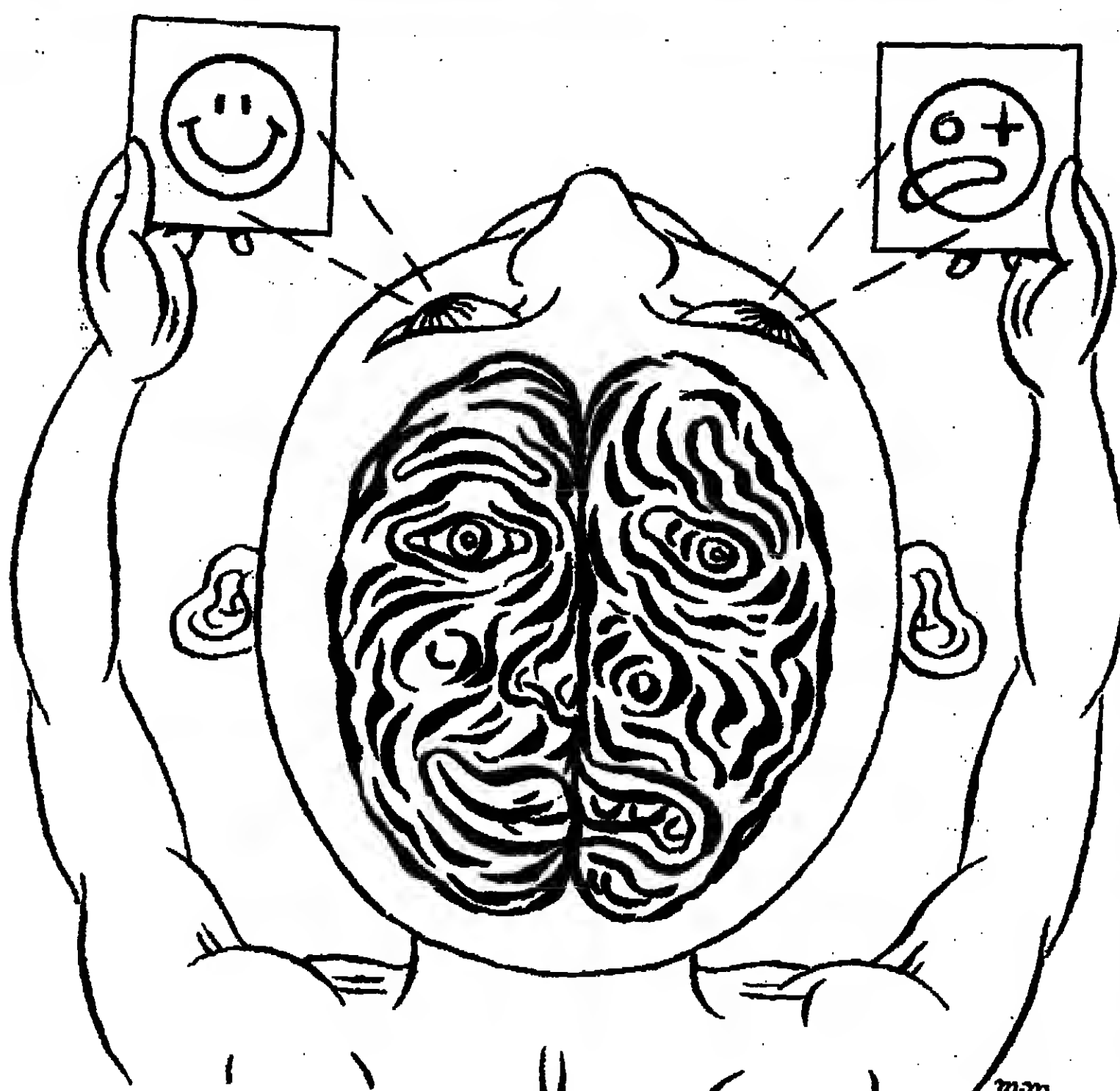
LONDON - BRUSSELS - MADRID - LISBON
190 Kings Road - London, SW3 - 26 Broadgate Circle - London, EC2

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45 65 60 65

Lease Plan

PERSPECTIVES



The Nature of Things

That's so revolting

Disgust lights up its own circuit in the brain, finds Andrew Derrington

How would you feel if somebody were to offer you a maggot-infested sandwich to eat? Think about this possibility for a few seconds. If the thought of a maggot sandwich is too much to bear, or if it's not disgusting at all, think of the most disgusting thing you can imagine being offered, even if it's only a plate of cold tripe.

Are you disgusted? Good. Fix your mind on the revolting morsel and think about it for 10 seconds. This exercise activates a region of your brain called the anterior insular cortex, which was identified by a team of British scientists who used a brain scanner to track the emotion of disgust.

The mapping experiment used a clever design in which the subjects were made to feel either disgust or fear by showing them pictures of human faces with features that had been manipulated by a computer so that they signalled the emotion in question.

This made it possible to demonstrate clearly that the two emotions activate different brain circuits. The subjects themselves were

unaware of the real object of the exercise. They lay with their heads inside the magnet of the brain scanner, looking through a periscope at the pictures of faces.

They were asked to judge whether the faces were male or female. Half the faces were a neutral expression. The other half had their features distorted to show either disgust or fear. The scientists worked on the assumption that in order to judge the sex of the faces the subjects would scrutinise them carefully enough to register the emotion that they signalled.

This assumption turned out to be correct. The fearful faces (but not the disgusted or the neutral ones) activated a brain region, already known to be involved in the processing of fearful stimuli, called the amygdala. But the disgusted faces activated a different circuit which involved the anterior insular cortex and which was not activated by fear.

The disgust circuit lies in a part of the brain that has previously been shown to process information about tastes and smells. "What is extremely interesting," says Andy Young, of the Medical Research Council Applied

Psychology Unit, one of the scientists involved in the experiment, "is that visual signals are routed through to different parts of the brain simply by the emotional expression on the face. This means that the old idea that one part of the brain deals with all the emotions is incorrect."

Young says the emotions Half of the faces had their features distorted to show disgust or fear

of fear, which is caused by the threat of physical danger, and disgust, which is a more specific response to the threat of contamination, use separate brain mechanisms because they probably evolved at different times. The mapping experiments used the fMRI Magnetic Resonance Imaging brain-scanner at The Maudsley Hospital in London, which is celebrating its 75th birthday this month with an exhibition. The MRI scanner, one of

only half a dozen in the UK capable of taking a snapshot of brain activity according to Steve Williams, head of the Neuro-imaging Research Unit at Maudsley, identifies active regions of the brain because the strength of the magnetic signal it measures varies with the blood oxygen level. Active regions of the brain show up a few seconds after they have been activated because they use more oxygen.

Although brain scanning is the only way of identifying which circuits are activated by different brain functions, Young stresses that the high technology approach is no replacement for the traditional method of neuropsychology, which relies on testing what tasks people with different brain injuries can and cannot do.

Neuropsychological testing, which has been delivering results for more than 100 years, gave the first clues that disgust may be a separate brain function. Patients with Huntington's disease, which results in damage to a number of brain areas including parts of the circuit identified in the scanning experiments, have a selective problem interpret-

ing emotional signals of disgust. Understanding the details of the effects diseases have on brain function is important not just because it reveals the workings of the brain. It can also tell us more about diseases. Young has collaborated with John Gray of Newcastle University to show that the impaired ability of Huntington's patients in perceiving disgust occurs before other symptoms of the disease.

The brain scanning experiment is important because it assesses the conclusions of the neuropsychological tests by a completely different method, measuring how active different parts of the brain are, rather than what abilities a patient may have lost. "No method is perfect but these two approaches have completely different problems of interpretation," he says. "So when they both point to the same conclusion we can really be confident it's correct."

The author is the professor of psychology at the University of Nottingham. *Bedlam: custody, care and cure, 1247-1997, Museum of London, 0171-600 9699.

Minding Your Own Business Shelling out for raw prawns

It all started with a mangle, says Andrew Fames

Graham Barlow - he of the half-moons and the vaguely Jacobean whiskers - looks an unlikely candidate to know all about squat lobsters.

The whiskers betray a life before crustaceans. For most of his career Barlow made a living as a theatre designer, and latterly as a theatre historian at Glasgow University. So how does a specialist in restoration drama end up in a business making machines for squeezing the meat out of de-frosted nephrops norvegicus - the common prawn?

The connection is his holiday home. Barlow, 66, has long had a house on the island of Skye, and during university vacations he would stand in as deckhand for a fisherman friend. Squat lobsters were trapped along with prawns, but their tails were so tough to de-shell that they were thrown away. "If you can invent a way of getting the meat out," he was told, "you'll make a fortune."

This is not the sort of remark you make lightly to a man who spent his childhood making models of battleships and much of his adulthood experimenting with revolving sets. Barlow bought an iron wringer in Glasgow's secondhand market and the Offshell Press (mark one) was under way. He soon felt brave enough to show his modified mangle, at this stage still wound by hand, to a local processor, Brian Philp. The response was encouraging, but "forget about squat lobsters," said Philp. "Go for prawns."

The de-shelling of prawns has always been a messy business. The whole process is based on shoving a water-jet up the crustacean's rear end and squirting the meat out. It's a job that creates an unpleasant working environment: constant running water, air filled with spray that can trigger asthma, and perils of meat squirted in all directions.

The idea of a wringer-based machine, neater and requiring little skill to operate, therefore seemed to meet the moment rather well. The big question, though, was how to turn basic sketches into a whirling piece of metalwork, and then to have it taken seriously by seafood processors.

The solution lay in Barlow's university days. Many years previously he had had two particularly interesting students. He had married one and the other had married an engineer called George Sternheim. It was to Sternheim and his company, Clelland Engineering, that Barlow took his idea.

That was in 1989. Three years, two major prototypes and many refinements later, the two set up Offshell Ltd, and were joined by a third director Jim Logan. Barlow sold his idea to the new company, in which Sternheim has the majority holding - although all three share any profits equally.

Their first priority was the international registration of

the patent and to set up a separate company to own it. "That was a hard decision," says Barlow, "to invest £20,000 in a patent for a machine we didn't then know we could sell."

Offshell set up in Glasgow premises with one employee making the final assembly of the machines, capital of £22,000 from the directors' own pockets, £50,000 from the bank, and an innovation grant from the Scottish Development Agency of a further £25,000.

The Offshell Press is expensive, at £51,000, but their own tests on meat yield had convinced the directors that they were on to a winner. However, they'd reckoned without the suspicious nature of the industry. Even though Barlow gave up his job in 1992 to concentrate full-time on marketing the press, it was to be another two years before they made their first sale.

It happened that many seafood processors had just had their fingers burned by another machine making the same claims. "We couldn't get a foot past the door," says Barlow. "Companies would show us these wasted investments lying idle."

Their first idea - to have a demonstration model in their own premises, and invite potential customers to bring in their prawns to try it - didn't work. "The problem was that most people feared that once the machine was on their premises, it would prove as tricky to operate as the other one had," says Barlow. Meanwhile, they'd manufactured 10 presses, and sold none.

So the directors decided to install the machines free of charge in potential customers' factories so they could see the results for themselves. "There was no point in doing the heavy sell. The machines would do the talking," says Sternheim. But some workforces responded badly. The press takes the skill out of the de-shelling process, and many employees saw it as a threat.

And then, even when sales started, there was another problem. The industry is so competitive that no one is

inclined to boast of any mechanical advantage. Even though 30 machines have now been sold, only two processors are sufficiently open to let visitors view the press in operation.

The result is that while Barlow and friends know that their product gives an improved yield, they are not able to be precise on exactly how much, and they haven't yet been able to learn about the other advantages: cheaper labour charges, reduced water bill, improved health of operatives, etc.

But at last the development bills have been paid, and in the year to December 1996 Offshell turned over £439,949, allowing it to take on a second member of staff. The directors have also just taken money out of the company for the first time.

So far Barlow has concentrated his marketing on Scotland, England and Northern Ireland, but he believes that sales are already near saturation point - unless the health and safety issues raised by the waterjet method become simply too significant to ignore. In that case, the Offshell Press will double its market in a matter of months.

Meanwhile, he is beginning to look abroad, particularly to countries where manpower costs are high. Of real interest are the southern states of the US, where he believes the press could save the crawfish industry from being undercut by the Chinese - but he has yet to convince the Americans.

The directors are also thinking hard about diversification: the favourite is a machine next in the production line to the press, which would spread the prawns on a belt to go into the freezer tunnel. Sternheim believes the company has got the potential to be bigger. "But to make the leap forward, we really need some sort of external co-operation. Either an outside investor, or franchise agreements to start making the press abroad."

Offshell Engineering, 520 Calder Street, Glasgow G4 0QD. Tel & fax: 0141-423 9009.



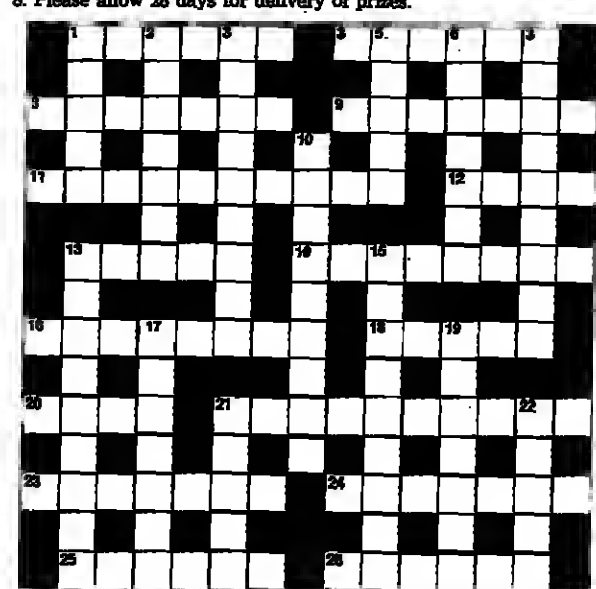
Graham Barlow: ambitions are sky high

Tom Ross

CROSSWORD

No. 9,515 Set by CINCINNUS

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M300 fountain pens. Solutions by Wednesday November 5, marked Crossword 9,515 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1HL. Solution on Saturday November 8. Please allow 28 days for delivery of prizes.

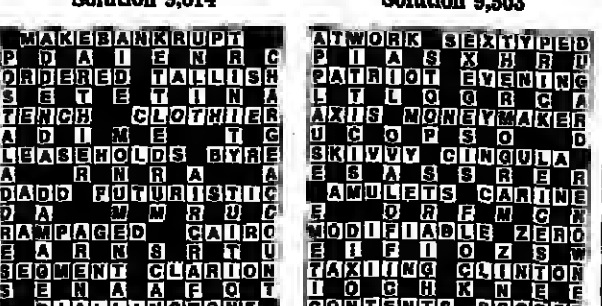


Name: _____ Address: _____

WINNERS 9,503: Kenneth Trickett, Malton, North Yorkshire; A.B. Burton, Stockport, Cheshire; David Grant, Winchester, A.G. Lehmann, Adderbury, Oxfordshire; Andrew Oytanen, Cardiff

- ACROSS**
- 1 A loss leader - case of French wine region (6)
 - 4 Name containing 25 letters (9)
 - 5 Paces for matches again? (5,2)
 - 8 Break down, paradoxically (7)
 - 11 Conductor excluding writer with bad back (10)
 - 12 A Roman emperor, in a manner of speaking (4)
 - 13 Group of six or ten restrained by principal (5)
 - 14 Revolving gallery emptied by sailor? (8)
 - 16 Piece from the Financial Times about traders in cast-offs (6)
 - 18 Jason's boat's in Agamemnon's place (9)
 - 20 Top right behind snake (4)
 - 21 Cotton sari crumpled in drawer (10)
 - 23 A boat's designed to hold cold or hot sauce (7)
 - 24 Complaint I have included in report (4,3)
 - 25 Woman left in New York regularly (6)
 - 26 Concurred in a sin (6)
- DOWN**
- 1 Region around pole is field of conflict (5)
 - 2 Basis for speech: popular series on TV? (7)
 - 3 Module for insertion in paper (9)
 - 5 Some clever, distinguished connoisseur (5)
 - 6 Means of securing hair on head? (7)
 - 7 Particles ruin stone structure (9)
 - 10 Rotters start to burn boats, captain takes rest cure (8)
 - 13 Southend's claim to be a spa town (9)
 - 15 Thinking about a child at home getting started (9)
 - 17 Relevant language point (7)
 - 19 Birds with no stuffing for Italians (7)
 - 21 Salisbury - city upsetting parasites (5)
 - 22 Reliable audio (5)

Solution 9,503



BRIDGE

Several key points were raised by this duplicate deal, both in the bidding and the defence.

N
 ♠ A 6 3
 ♥ 10 7 8 5
 ♦ 8 6 3
 ♣ 5 3 2

E
 ♠ K Q 6 4
 ♥ A K J 9 2
 ♦ A K Q 7 4 2
 ♣ 9 5

S
 ♠ 10 9 7 2
 ♥ 8 4
 ♦ J 10
 ♣ A K J 10 4

North East South West
 - - - -
 NB 1H NB 2D
 NB 2S NB 3H
 NB 4H

West's third bid, 3H, shows two-card support and denies any values in the unbid suit - clubs. As West has already limited her hand with her weak 2D rebid, she would be entitled to use fourth suit forcing if she held half a stop or a full stop in clubs, searching for 3NT.

Some may be confused as to why West's 3H bid shows only two hearts. The reason is that, had West held three card heart support within her minimum opening hand, she should have raised

East's 1H to 2H immediately, rather than rebidding a five or even six card diamond suit. At my table, East-West made the first five bids but East, reluctant to play in a 5-2 heart fit, decided to chance 3NT, hoping that West held a club honour. I led K♠, which asked my partner to jettison an honour or, holding only small cards, to show count.

When he dropped 2♠, it was either a singleton or the start of a low-high peter, showing an odd number of cards. As a singleton club would place East with four, which seemed unlikely, I tried A♠. East's Q♠ duly dropped and we took the first five club tricks and A♠.

When defending against a no trump contract, most experts agree that if you want partner to unblock an honour you should lead the king. Thus, when trying a speculative lead from ace king small, you must select the ace, which will ask partner to show attitude: high for encouragement, low to discourage. The next time you meet your partner, it is worth checking that you both play the same card at the same moment to mean the same thing...

Paul Mendelson

CHESS

A Russian grandmaster in Ireland sounds an odd mixture, and indeed one of the rumours about Alex Baburin, who has gone native and plays board one for his new country, is that he mistook his destination for the Icelandic chess Mecca where GMs receive a state salary.

But, like many other emigrants from the east, Baburin has become markedly stronger since his arrival and last week trounced several leading English GMs in the Monarch Assurance Open at Port Erin, Isle of Man. There he won first prize two points or more ahead of Sadler, Lalic, Heiden and others.

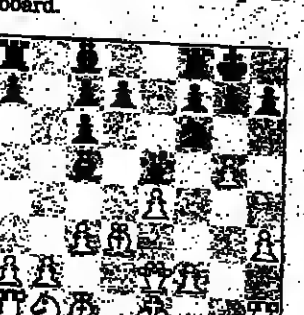
Superbly organised and with a generous prize fund, the IOM is firmly established as the most important British Isles event after Hastings and the British championship.

In this final round game, Baburin develops naturally against White's slightly passive play and gradually builds up a decisive attack. Queen and bishop on the long diagonal coupled with a knight at f4 or f5 are often potent against a castled king (A Ledger v A Baburin).

1 e4 c5 2 Nf3 g6 3 d3 d5 4 exd5 Qxd5 5 d4 Nf6 6 Bg2 Bg7 7 0-0 0-0 8 dxc5 Qxc5 9 Bc3

Qc7 10 Na3 Nc6 11 b3 a6 12 Qa4 b6 13 Rad1 Bb5 14 Bb3 b5 15 Qc2 Bc6 16 Qcl Kh7 17 Bb1 Bb5 18 Nc2 Na5 19 Nc2 Rac2 20 Nc4 Bb7 21 Rf1 e5 22 B3 Nc4 23 B2 Nxd2 24 Qxd2 a5 25 Nc2 e4 26 f4 Rf8 27 Bb4 b4 28 Qc2 Nd5 29 cxb4 Nx4 30 Bb6 e3 31 Qxc3 Qc6 32 Qc2 Nxb3+ 33 Resigns.

No 1203
 Kasparov v Leko, Tilburg 1997. Black's knight is attacked, and if Nc6 2 f4 White's pawns march up the board.



Leko thought the world champion had miscalculated, so went Nxe4 planning 2 Qxe4 Qxe4 3 Bxe4 Re6 4 f3 d5 or 2 Bxe4 Re6 3 f3 (3 Bf3 Qxe2+ 4 Bxe2 Bg6) d5 regaining the piece with advantage. What did Black miss?

Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

Why the US should join the Commonwealth

Decisive action turned South Africa black. It might turn Uncle Sam's whiskers green

It is a pity that the US is not a member of the Commonwealth. If it were, the 54-nation association, whose heads of government are in conclave in Edinburgh this weekend, could suspend or even expel it. That would soon teach Washington a lesson. It might then take serious action to curb emissions of greenhouse gases.

The world's superpower may well hesitate before filling in a membership application form. The club whose symbolic head is the Queen of England is an experienced defecator of miscreants. South Africa is the most famous example.

In 1961 it resigned to avoid being pushed out. After 33 years in the cold, the republic, now under a post-apartheid government, was readmitted. The original offence, the perpetuation of racial segregation, had been

expunged. Would that this huge assembly of nations, the home of a quarter of the world's population, could similarly repel and re-embrace Uncle Sam. Decisive action turned South Africa black. It might turn the be-whiskered old gentleman green.

The above fancy is not quite so other-worldly as it looks. As an English-speaking former colony, America is well qualified for membership of the (British) Commonwealth. So is Ireland, most of whose inhabitants would gag at the thought of such a reversal of history. Yet Mary Robinson nudged the prospect into the Irish consciousness in a speech delivered towards the end of her term as president.

Just think, if we had the Irish prime minister in Edinburgh this weekend the problems in the north might seem less insoluble. The question of a united Ireland

might be lost within a greater, global unity. That is truly fantasy, is it not?

You never know. Stranger things happen. If Israel, the Palestine Liberation Organisation, Rwanda and others can try for membership, why not the Irish and the Americans? It might help if the post of symbol of the Commonwealth was relinquished by the monarch of the United Kingdom in favour of an elected figurehead. That should not be difficult, in spite of Fiji's recently rediscovered monarchism. The Pacific islanders were expelled 10 years ago following a military coup.

Now they are being welcomed back in, declaring their loyalty to the Queen as they arrive. This week, their prime minister gave Her Majesty a whale's tooth as a token of apology for his country's enforced absence. A shrewd

move, but possibly superfluous. The Queen is a dignified rather than a necessary part of the mechanism of an organisation in which republics outnumber monarchies by 33 to 21.

Curious. Just what is this Commonwealth? If you want to grasp its geography, picture a map of the world. Take a crayon, let us say a pink one. Colour in Canada, the UK, three West African and most southern and east African countries, India, Pakistan, Sri Lanka, Malaysia, Australia, New Zealand and a string of islands in the south Pacific and west Atlantic oceans. Resist the temptation to label the result "the British empire".

We do have to acknowledge that the colonial past persists, albeit in mainly beneficial form. Most of the countries we have shaded pick share similar accounting techniques, legal and

administrative systems, and common aspirations as to justice and the rule of law. Many can claim to be democracies, sort of, although some would be wickedly untruthful if they did.

The majority are linked by overlapping networks of professionals - Commonwealth associations of dentists, tax inspectors, parliamentarians. Scholarships and technical assistance are supervised by the institution's independent secretariat. Its secretary-general is Nigerian, his deputies Indian, Canadian and British.

More than that would have to be offered to entice the US and Ireland to knock on the door. Let us see what we have in the bag. Today's Commonwealth is less Britain-centred, more outward-looking than its history suggests. True, it began as a club of white dominions and evolved into a

ghost of empire, a stimulus to British dreams of a destiny beyond and outside Europe. But now its most hard-nosed function is to stimulate trade and aid among friends.

This may be enhanced now that the British government is to introduce private capital to the Commonwealth Development Corporation, which has a pound invested in development projects for every one of the Commonwealth's 1.6bn inhabitants. Strong stuff about liberalisation and open markets may be expected in Edinburgh. Yet the offer to new members should be loftier than that if it is to be noticed.

How about the Commonwealth as a moral forum? Fat chance, you might say. Look at its inability to prevent the excesses of the Nigerian regime, its failure to ensure free and fair elections in

Kenya, its embarrassments over Sierra Leone... the list makes any defender of the Commonwealth squirm. True, but the Harare declaration on the promotion of democracy and respect for human rights might eventually have some effect on some member governments. The declaration may be strengthened by decisions taken this weekend.

Alas, no sale. We cannot seriously expect the US to enter a group of nations whose principal attraction is its ability to persuade or embarrass its members to adopt certain standards of behaviour. The US has had enough trouble keeping the UN quiescent to want to become vulnerable to Commonwealth pressure. Most of us would not want to join a club that wouldn't let us in. Ireland, however, is another story...

Joe Rogaly@ft.com

Interview

Of Plato, Hello!, Nietzsche and the meaning of life

Raymond Tallis is determined to get to the bottom of it all, says Christian Tyler

Raymond Tallis is writing a book. Not just any old book, but a magnum opus which has been on the go for 25 years and is already 700,000 words long.

The author, now 50, is only half-joking when he says it could take him another 30 years to finish it.

Tallis, you see, is serious about what the rest of us flippantly call *The Meaning of Life*. His book will attempt a grand synthesis of all that it means to be human.

It will try to "encompass the world in a portable way" and, along with everything else he has written (and he has written a lot), "to connect the small things that detain us with the big things that enclose us".

Such gross ambition suggests this writer to be doomed like Casaubon, the would-be author of a compendium of mythology in George Eliot's *Middlemarch*, to die uncompleted and unrequited.

Don't bet on it.

Tallis suffers from a sense of wonder about the world so acute that it gives him astonishing energy. He has published four chunky books of cultural criticism, three collections of poetry and some short stories - all in his spare time.

For behind Raymond Tallis the philosopher-poet stands Professor Tallis, the doctor of geriatric medicine.

A consultant at Hope Hospital at Salford, in north-west England, where he heads a team studying therapy for stroke patients, he is also a professor at nearby Manchester University, a member of various national councils and working parties, and author of 130 medical publications which include titles such as *The Clinical Neurology of Old Age* and *Epilepsy in Elderly People*.

I visited the Sage of Salford for tea and biscuits one rainy afternoon. He seemed quite unaffected by the greyness of the view from his window or the griminess of the hospital building in which he works. A man so busy with living has no time for pessimism. Indeed, Tallis likes to say that cynicism and despair - not least, the fashionable despair of post-modernism - are largely the product of laziness or idleness.

Tallis told me that he works a 60-hour week at the hospital. He gets up at five every morning, reads or writes for two hours while the family is still asleep, and gets to the office at 7.30am. On Sundays he writes until mid-day.

How does he do it all? "I read pretty fast," he said. "And I remember pretty well everything I read that's of interest - almost total recall. There are plenty of hours in the day. It's the people who do nothing who never have time for things."

Do, astonishment, and energy, not diminish with age?

"Astonishment is something one doesn't grow out of. One dies with it. I think to lose astonishment and wonder is not to mature so that enclose us".

Tallis's sense of wonder about the world is so acute that it gives him astonishing energy

much as to become extinguished - to go from being a 200-watt bulb to being a 60-watt hulk."

It was an apt metaphor. The doctor's big book is to be called *De Luce*.

I said it sounded like a papal encyclical. He explained that the title was borrowed from a work of medieval philosophy by the polymath Robert Grosseteste.

De Luce is to be a novel of ideas in which two main characters represent the polarities of human aspiration (the polarities, one might add, of Tallis's character). "One aspiration is to be totally there, hurried in the here and now. The other is to achieve the view from nowhere, to have a complete synoptic, non-perspectival view."

Like Einstein?

"Yes, absolutely. To see all the manifold in one glimpse of the eye."

If on the page that looks immodest, it didn't sound so in the doctor's mouth. He was aware, he said, that Lenin's 24 volumes of collected works had been described as



Raymond Tallis: 'I'm 50 now. If I don't live another 40 years, I'll ask for my money back'

his greatest act of repression.

"There is a kind of oppressiveness in someone who writes big. Having said that, I do want to place what Thomas De Quincey called a 'pandulation'."

Tallis's own diction is as rapid as his reading is wide. He is prolific to the point of prolixity, and you need a dictionary at your elbow when you read him. He borrows words from science ("man-tissa", "allotrope") and coins a few as well - "omnescence" for know-nothings and "omnipotence" for do-nothings.

Medicine and culture are the two polarities of Tallis's life. He loves philosophy but "would still have to have my face rubbed in the real mess of the real world to feel as if I was really there".

From behind his redoubt of medical science - neurology is his field - he shoots at what he sees as the creeping anti-rationalism of the age. His targets include soul-doctors who want to introduce the concept that man is an animal, psychoanalysts who peddle scientific fairy tales, and gender feminists (as opposed to equity feminists) who regard formal logic as merely another weapon of male oppression.

His strongest invective is kept for the denizens of licit, departments and the influence of Jacques Lacan, Michel Foucault and Jacques Derrida - people, he says, who build great platforms of theory on pinpoints of evidence.

"Lacan was a psychiatrist. He looks ropy to people with any clinical experience but terrible to people in English departments because they've never been anywhere near a psychiatric illness."

"His ideas are regarded as authoritative because of the contagion of the white coat. He's an absolute total charlatan, the fattest spider, if you like, at the centre of the

web of postmodern thought."

Such thinking Tallis condemns as "theorisation" (the title of his next book). His latest is *Enemies of Hope*, published by Macmillan, a guarded rehabilitation of the Enlightenment, which acknowledges its debt to Isaiah Berlin.

I asked how many people would be listening to him.

"You've put your finger on something difficult," he replied. "Plato said the unexamined life is not worth living. If so, it would seem most lives are not worth living."

Tallis distinguishes the "useful" Kingdom of Means (science, medicine) from the "useless" Kingdom of Ends

suming it's not a load of crap.

"Out of the ordinary daylight it creates the substance of a vision. That's the theme. It will be a celebration, a love letter about the world."

Is it a kind of intellectual defecation?

"It isn't a waste product. It seems to me one does ultimately want to produce an object - a big, beautiful object that really does justice to the world."

And by which you will be remembered?

"Oh, yeah. I don't want to be lost in the collective amnesia."

You want people to say: "As Tallis so memorably put it in his master work..."

"Yup. One wants to continue to be an influence. But I would like to have some of my posthumous fame before I die, please."

Is that vanity?

"There are lots of modes of vanity, aren't there? If it is, I suppose it's a relatively harmless one." He paused. "It's also designed to give."

I asked the doctor if he had other ambitions, such as becoming old without becoming ill.

"I am 50 now. So if I don't live another 40 years, I'll ask for my money back." He laughed. "I think I'm entitled to it. I need the years from 60 to 90 to write the book."

Are you worried by Casaubon's example?

"That baunts all of us. Coleridge is another haunting example. Less haunting was Robert Musil, who never finished *The Man Without Qualities*, although it is a mighty torso. He died, with a look of surprise on his face, with dumb-bells in his hand, in the gym. Not a good advertisement for health promotion."

I thanked him and drank up my tea.

The rain had cleared and the sun was sparkling over Salford.

The sky's the limit for airline travellers, courtesy of Collins communications systems for two-way phone calls and faxes.

Rockwell

<http://www.rockwell.com>

PERSPECTIVES



The rumble in the jungle

The high technology of a rocket launch site has brought an odd form of progress to French Guiana, says David Owen

From our vantage point, 65km away, it takes a few seconds for the noise to drown out the forest's evening chorus. When it does, it is not the roar I have been bracing for, but something at once more predatory and banal, like fabric ripping.

The spectacle is unexpected, too, since the Ariane rocket, weighing 420 metric tons, rises into the limpid South American air, not like a bat out of hell but with the stately imperturbability of a hearse. The appearance is evidently deceptive: just half an hour later, the mission is over and two new satellites are in orbit thousands of miles above the earth.

You may think it odd that the French would choose to site a space centre on the edge of the Amazonian rainforest in French Guiana. But after all, this is a country that thought it appropriate to put a nuclear testing site on a South Pacific atoll.

Until recently, Paris regarded this scrap of territory, wedged almost as an afterthought into the north end of the vast South American land mass, as good for no more than a penal colony. Devil's Island, closed in 1953, is merely the best-known of a number of prison camps that used to augment the meagre local economy.

In fact, there are perfectly sound scientific reasons for turning this tropical backwater into the world's busiest commercial satellite launching station.

The most important orbits for

communications satellites are aligned with the equator, so the closer to the equator you launch, the less fuel you need to position them correctly. At five degrees north, the 850 sq km Kourou launch-site fits the geographic bill – much better, indeed, than the Algerian centre that hosted the first French launches in the 1950s.

With the best will in the world, this is still an outlandish place in

There is little sense that the different poles are moving closer together

which to find such a high-tech industry, however. "You could get hopelessly lost just 30 metres from here," says a space industry employee, gesturing at the dense green jungle on the edge of the red dirt road along which we are trundling towards the launch observation site in a convoy of coaches. Jungle still covers about 90 per cent of French Guiana's 84,000 sq km. This makes it about the size of Hungary.

A first-time visitor, I had expected to be struck most by the contrast between the wealth of the space industry and the poverty of

the setting. After all, the dangers of two-speed development had been a theme of the official visit in 1990 by Michel Rocard, then France's Socialist prime minister. "Who could understand that in the *département* where we launch the satellites of the future, not everyone has electricity or a telephone?" he asked.

There is a bit of that, for sure, but the abiding image of Kourou, fostered by the phalanxes of foreign legionnaire joggers seen pounding the streets in the early morning in muscular, crew-cut packs, is of a brisk, orderly, soulless but not at all badly off small town.

Even the poorest parts contain reminders of the progress made since Rocard's time. A particularly arresting one was dangled on a skip in the heart of Saranac village, a neighbourhood still largely resembling a third world shanty town, in spite of efforts to rehouse inhabitants. "Benny Hill" said the skip, in irregular but clear capital letters.

Shame on me, but I had not expected to find a tribute to this particular British cultural icon in remote Kourou – let alone in a part of town where most of the inhabitants are of Surinamese origin and speak Surinamese or Taki-Taki.

"TV, phones, washing machines – people have them now," says Roselyne Valde, a social worker from the French Caribbean island of Martinique, who has been based in Saranac for four years. "There is electricity, but four or five families per meter."

All told, the French National Space Agency says it contributed FF27m (£2.53m) to "priority" local initiatives in 1995 and 1996 alone, while the space industry is said to pay half French Guiana's taxes. This did not stop virtually everyone I met complaining that the economic spin-offs from the sector for the local population remained inadequate.

Indeed, after the early days when outright opposition to the space centre was said to have been widespread, the industry seems to have come to be seen by the locals as a handy milch cow – a sort of late 20th century equivalent of the prison system. It is a neat twist that the Devil's Island archipelago is now owned by the space centre and used as a down range tracking station.

Ironically, a lot of the poverty in Kourou is caused indirectly by the well-intentioned, but bone-headed way the French govern their South American toehold. France seeks to administer Guiana as a *département*, just like areas back home such as the Vosges or the Jura, or for that matter Paris. It is, in fact, the largest *département* in France.

One consequence is that fixtures and fittings, ranging from road signs and telephone boxes to the yellow "Presse" signs outside stationery shops, are identical to those in any French city. Another is that Guiana has a statutory minimum wage of more than FF5,000 a month – the same level as in mainland France, but far above that of salaried workers in neighbouring Brazil and Surinam.

With frontiers in the thick of a tropical jungle a tad more difficult to police than those of the average French *département*, it is scarcely surprising that this has encouraged an influx of prospective job-seekers.

Without the necessary papers, however, such *clandestins* often find it difficult to get any work, much less work paid at the supposed minimum rate, so they tend to become marginalised. By

In the *département* where we launch the satellites, not everyone has electricity or a telephone

Valde's estimate, perhaps half of Saranac's 3,000 inhabitants are *clandestins*.

As acknowledged by the local office of Insee, the French national statistics office, this has helped to make French Guiana a statisticians' nightmare. While officially the overall population is estimated at a sparse but fast growing 183,000, it agrees the real figure is likely to be over 200,000. Average unemployment in 1995 is put at just over 22 per cent, but that once again excludes the *clandestins*.

If the contrast between wealth

and poverty was less striking than expected, French Guiana is nevertheless an odd, old place. And it seems that the root cause of some of that oddness is the size of another gap – that between the way of life that prevailed before the space centre's creation in 1964 and what has since been parachuted in. There are few places where time has moved faster in the past 30 years than Kourou. Or where it has moved more slowly than much of the rest of the *département*.

Jean-Etienne Antoinette, Kourou's mayor, says the town occupies a space "in between" – between tradition and modernity, neighbouring countries and western Europe, and among the local communities which have come from all over the place. The trouble is, the gap is so wide as to be difficult to straddle. Hardly surprising, then, that a strained atmosphere pervades, with little sense that the different poles are moving closer together.

The people who have borne the brunt of the culture shock engendered by Europe's space invaders are French Guiana's 12,000 or so Amerindians. Not that the space industry can be held entirely responsible for the cultural onslaught that the descendants of the *département's* original inhabitants have had to try to come to terms with.

Near a peaceful stretch of ocean-front in Kourou's nearly 30-year-old Indian village, the chief of the local Kalina Indian community, Jean-Anthony Charles, explains how in 1947, the powers-that-be gave French

names to many Amerindians. "My grandfather was called Tia-juli," he says. "Part of our work is how to reclaim those names." A striking figure in a black baseball cap with long black hair down to the small of his back, Charles says the Amerindians consider themselves "allies" of the French. Even so, he is concerned that they retain a keen sense of native traditions. "The government must allow the community to develop traditional activities," he says.

While about 10 Amerindians, including Charles, work at the space centre, he says most still live from fishing. There is also a hunting territory about 30km – or "a bird's flight" – away in the interior. Hunting "of agoutis, monkeys, anything that is edible", enables adults to teach children "how to orient themselves".

"For us," he continues, "it is a means of subsistence. The commercial market has not taken over yet... As well as western lifestyles, traditional lifestyles continue."

Sitting on the edge of the scrubby beach, listening to this spokesman for Guiana's First Nations as occasional skiffs red this fly by, I feel my first spark of optimism about what the future might hold for this funny, little concrete town.

Charles, 37, is father of two boys, aged four and 14. "They are learning the two systems," he says. "Children must have all means at their disposal." Perhaps the cohesiveness can be manufactured by the next generation.

Reunion for retired spooks

Dan Pinck, a former intelligence agent, picks up a passport to the CIA's 50th birthday party

For a former intelligence agent in the Office of Strategic Services, the CIA's celebration of its 50th birthday was a hoot. When I received an invitation to the CIA's headquarters to participate in mid-September's festivities, my impression was that the event seemed more like a college reunion than one for retired spooks and bureaucrats.

The brochure of an invitation noted that Miles Copeland's trumpet would be displayed (Copeland was a renowned CIA agent who helped to bring the Shah of Iran into power; before he joined the agency he played fourth trumpet in Glenn Miller's orchestra) along with other memorabilia of the cold war.

I was informed that George Bush, Richard Helms and the new director, George Tenet, would speak, and a CIA cookbook, *Spies, Black Ties and Mongo Pies*, would be on sale at a special pre-publication price of \$16.95. The brochure included a recipe for Top Secret Soup.

If I wanted to buy a CIA anniversary flag to hang outside my office, I could. After I accepted the invitation, I received a letter addressed to "Dear Retiree", with two pages of forms to complete. Several weeks later, a letter arrived asking for a cheque for \$15, made out to Lundy's, to cover the cost of breakfast and lunch.

About a week before the party, I received a printed document the size of a passport. It was, in fact, titled "Passport" and "Commemorating The Past", both lines

from the CIA seal, with a note on the title page saying "Passport is nontransferable". On an inside page headed "Security Information" I was told: "Firearms, explosives, weapons, computers, computer diskettes, cellular phones, tape recorders, and chemicals such as mace are prohibited on the Compound." Being forewarned, I decided to leave my sidearms and bag of plastic at home.

On a page headed "Food Service", I was advised: "Coffee, water and donuts will be available from 8:00 to 10:00." On the last page of the Passport was a list of Places to Visit. This included the Berlin Wall, the Atrium Model Plane Exhibit, Hospitality Kiosks, a Static Display of Military Hardware, the Credit Union, Post Office Kiosk, Six Geo-Political Walls, Office of Communications Display, the Portrait Gallery and the Nathan Hale Statue.

The party was on a stifling hot day, humid and heat-stroke-making, and it was the same inside the main buildings as it was outside.

First, we eased the exhibits, most of them in long corridors. The air conditioning couldn't cope with a crowd of 4,000. We decided to get a drink of free water – or rather water we had paid for; unfortunately, the water supply had been depleted at breakfast. Next, we went to

Commemorating The Past

PASSPORT



a large tent to hear George Bush tell us we had won the cold war. This was encouraging news. Almost everyone clapped.

Our next mission was to try to find a few persons we had known over the years. Trained to spot friends and foes, we wandered our way through mazes of corridor exhibits, and located none.

Finally, near a statue of General William J. Donovan, the founder of the Office of Strategic Services, precursor of the CIA, we found a few old friends. We exchanged greetings. They talked about their grandchildren.

My wife and I then went to the EAA (Employee Activities Association) store, where several hundred

people were standing in two lines waiting to pay for CIA 50th anniversary logo items: golf shirts, mugs, cups, sweat shirts, caps, decanters, coasters, T-shirts, golf balls (with CIA logos), leather-bound folders for legal pads, keychains, memo pads, brief cases, cuff links, CIA flags, tennis shorts, the CIA cookbook, and many other items. My wife and I bought three bags full of stuff.

The US Post Office set up a booth to sell cancelled stamps of a new celebratory CIA stamp. About 200 people stood in the stamp line.

The corridor exhibits were – well, call them interesting. Behind a glass case in the communications exhibit was a photograph of eight women telephone operators at an ancient 6865 switchboard. Near them was a photograph of a large computer, to delineate the transition to newer technology.

Another glass case held a copy of Lotus Notes (CST System) in a yellow box and not far away, behind glass, was a copy of the graduate school catalogue of the University of Maryland at College Park. On a board was a sign that said: "The Success of An Office Relies On Its Work Force."

We then went to the Credit Union. Just outside it in the corridor, there were several tables of freebies from independent financial service providers. A woman at the

Northwest Services Corporation table handed me a green plastic clip for paper. Another provider gave me a "cut'n'pick", a sealed package opener and cotton remover. From still another, I received a pink rubber jar opener in the shape of a pig. Inside the Credit Union, I learned that

A splendid collection of espionage paraphernalia included all kinds of clandestine devices

new vehicle loans were offered at 7.3 per cent, used vehicle loans at 7.9 per cent, and education loans at 9.5 per cent. Not much here for a collector of covert information.

Down another corridor, an attendant gave us an "Official Passport to The Cold War: 50 Years of Silent Conflict" to see a splendid collection of espionage paraphernalia, including all kinds of clandestine devices.

This was real fun. A KGB 4.5mm single-shot firing device in the form of a lipstick holder; a cigarette pack

camera; cipher sheets hidden in a walnut; a poisonous gas assassination can – all the things I never had when I served in the OSS behind enemy lines in the second world war. None of these items could he stolen (I was tempted), since they were all under glass and attendants watched us closely as we moved down the corridor.

It was time for lunch. My wife and I went to the area where food was available. Lunch was over; there was no more food. We went to the main CIA cafeteria in the new building and ate with the permanent party troops. It felt rather like a faculty club in a first rate university.

I didn't pick up any secret information from the conversations near our table. The closest I came was overhearing a man shaking the salt-and-pepper say: "These acronyms are killing me." His fellow worker replied: "Forget them. That's what I did."

After our late lunch, we went to the big tent to hear speeches from George Tenet, the new director of Central Intelligence, and Richard Helms, a former director.

Helms revealed a few thoughts: "There's no secret service anywhere that hasn't been penetrated. But that's no excuse." "A gadget cannot divine man's intentions. There's no substitute for

sound judgment." "We need to take a hard look at the bureaucracy the CIA has developed over the years." He received about a minute of applause when he finished his talk.

I went on a scouting expedition when we left the big tent to find some water. I found two bottles of Evian water hidden behind a large tree. I took them. We then rambled about for an hour and I picked up whatever literature was still left on the tables, including a 1997 CIA calendar and a poster of a Moe Berg exhibit that had been held at the CIA in 1983.

I looked at the brochures on the flight back to Boston. In one, titled "What's News at CIA", I read a list of events from 1947, the year the CIA was founded. The Dead Sea Scrolls are found in cave north-west of Dead Sea; *Honey Doodie*, the children's show hosted by Buffalo Bob Smith, premieres and runs until 1960; the zoom lens is demonstrated; Margaret Rozarian Harris, a concert pianist three weeks shy of four years old, makes her debut in Chicago; and Harvard becomes co-educational, admitting Radcliffe students.

In a brochure titled "Open Line", published by the Directorate of Intelligence, I read a 20-stanza poem. One read: "Which brings us to the present condition/We're fifty, we're fresh and in a splendid position/To tend to the intricacies of a world in confusion/Hopefully avoiding any use of fusion."

I trust I haven't revealed any secrets.

BOOKS

Unloved giant of the grand gesture

Jackie Wullschlager on Victor Hugo, the high priest of French Romanticism

Asked who was the finest poet of the 19th century, André Gide replied "Hugo" (Hugo, alas). Today, too, Hugo is respected but unloved, his literary stature acknowledged but his books unread - and this in spite of modern adaptations. *Les Misérables* celebrating 12 years in the West End this month, Disney's *Hunchback of Notre Dame* a box-office hit, which might have been expected to make him a bestseller.

There is no subject so testing for a biographer as an unfashionable giant. Hugo was always larger than life: abnormally prolific, versatile as poet, playwright, novelist, sexually voracious, a political hero of grand gestures and noisy exiles, long-lived (1802-85) and seeming to represent the history of his century. When he died, two million people came to his funeral and the Arc de Triomphe was draped in black. Yet Hugo was so self-dramatising, so convinced of

his central role and assured in acting it out, that it is hard to warm to him now. Today his works, gushy and over-written, like layers of icing on a cake, fail to win the sympathy that his more earthy contemporaries, Balzac or Flaubert, command.

VICTOR HUGO
by Graham Robb
Picador £20, 657 pages

An English equivalent is Bernard Shaw, and the challenge for Robb here is the same as it was for Michael Holroyd in his biography of Shaw: to make a massive but emotionally remote figure immediately, intimately, interesting. Holroyd managed it magnificently; Robb is only partly successful.

He is best on the early life, before myth-making set in. Victor-Marie Hugo was the third son of an easy-going army officer and his strict, dull and disaffected wife. His parents separated within weeks and the baby nearly died - an order was put to the carpenter for both cradle and coffin.

Hugo was toughened by a gruelling childhood in which his mother dragged her boys across Europe in the wake of Napoleon's campaigns, demanding money from their father as he advanced up the ranks to become a general. By malice and on horseback they crossed France, Italy, Spain; when five-year-old Victor cried he was dressed as a girl as punishment. The "steely affection" between children and mother, leading to the "monumental siltiness" of his future liaisons, was fixed; so was the swash-buckling, busy Romantic world of Europe in turmoil that occupied his imaginative life.

In Spain he fell in love with teenage black-curtled Pepita, model for Esmeralda; as his family fled a French defeat, he saw bleeding limbs and severed heads, and a crowd of lantern-bearers behind a man riding back to front on an ass en route to execution. Here at Burgos, with his scaffold and cathedral, was "the birth-place of Hugo's obsessions: the preservation of the past and the abolition of the past and the death penalty": the world of *Notre Dame de Paris*.

His father had a mistress; his mother had an affair with a conspirator, which cost her custody of the children. From 1815 to 1818 they were forbidden to see her; Hugo emerged from school to nurse her in her final illness. Weeks later he married Adele, a childhood sweetheart whom he had pushed on a swing in Paris; one love letter was a verse enclosed in an envelope with a live bat. He published poems; at 20 he obtained a state pen-

sion from Louis XVIII, at 21 he wrote his first novel, *Han d'Islande*, about a bunch-back who prefigures Quasimodo, and "dealt a hammer-blow to the wall which separated French literature from European Romanticism". Robb is good on the mood of revolutionary intoxication in the 1830s works - the play *Hernani*, for which a fevered audience dressed in medieval and oriental costumes, poetry, such as "Les Feuilles d'automne", to which he brought a new freedom of subject and expression; *Notre Dame de Paris*, with its fatalism, its demented gossip, its eerie urban setting evoking "a sense of the gradual suicide of civilisations". They made Hugo high priest of French Romanticism and most famous writer in Europe, and prepared the way for his status as republican icon after Louis-Napoleon's coup d'état in 1851. For 20 years he was the lofty figurehead for Second Empire political exiles: "And if only one remains, I shall be that one!"

Against this background was the pantomime of his sexual life. "His wife," Dickens noted "is a handsome woman with flashing black eyes, who looks as if she might poison his breakfast any morning". By then, Adele had turned as cool and unfaithful as his mother, and was visited daily by the critic Sainte-Beuve disguised in a nun's habit.

Hugo took a permanent mistress, Juliette Drouet, but she soon complained her cat shared her bed more often than he did. Other lovers followed; sometimes Hugo had three "wives" liv-



Larger than life: Victor Hugo, republican icon in his time

ing within 200 yards of each other. They followed him into exile; he read devoted Juliette the love poems he wrote to new girlfriends, and stole his sons' women.

One mistress ("not a gourmet dish", according to Flaubert) ended in an adulteress's prison, but the real casualties were Hugo's children. Adele, who tried to escape his flamboyance, three out of four died before him, in accidents or from illness; one went insane.

Robb is a sympathetic but over-enthusiastic guide. He cannot resist melodramatising each aspect of Hugo's life, from his mother ("more intimidating than a band of Breton peasants brandishing their pitchforks") to Paris ("like post-revolutionary Zanzibar") to his death ("God had been served with an eviction order; Victor Hugo was moving in").

This is not just a problem of style (e.g. "Hugo harvested his wife's virginity") but of perception. For instead of standing back to reflect on the overarching themes, the motor that drove Hugo, Robb rushes out bold opinions by a woman in responses which glorify his subject's vigour and volatility, but fail to build up a coherent picture of the inner workings of a mind.

Robb is too keen to stake out his part in the story and he lacks the biographer's essential humility in the face of chance and tragedy. It is a shame, for his scholarship, and his handling of a complicated narrative, is superb; a flawed monster of a book.

The review of Juliet Barker's *The Brontës: A Life in Letters*, which appeared on October 4, was by Ann Genua



A widow's memorial to her late husband in Chiapas: from "Home Altars of Mexico" (Thames and Hudson, £14.95) a photographic record by artist Dana Salvo of the "altarcitos", or domestic shrines, of the Indians in the central highlands and southern states of Mexico. Some altars are constructed to mark holidays - Christmas or the Day of the Dead - while others, as here, commemorate family members.

The last ancient autocracy

Kieran Cooke makes a pilgrimage down the papal chain from St Peter to John Paul II

Pope Damasus, elected to the throne of St Peter at the end of the 4th century, was nicknamed *motorcarum auriscalpius*, or the ladies' ear tickler, due to his habit of making frequent visits to the houses of rich widows and mistresses.

Through the centuries popes have come in very different guises. Some have been learned, others lecherous, some saintly, others sinful. As Eamon Duffy points out, the contrast in recent times has been more in matters of faith and teaching - between the conservative and the liberal.

John Paul II, the present pontiff, is deeply authoritarian and conservative. Yet Karol Wojtyla, the first non-Italian Bishop of Rome since 1523, is also one of the century's great communicators, a man of the people.

"The uncompromising defender of profoundly unpopular teaching on matters such as birth-control, he is nevertheless the most popular Pope in history, the veteran of nearly 70 international tours, an unstoppable tarmac-kisser, hand-shaker, granny-blesser, baby-bugger."

Turn the papal clock back a few years and there is John XXIII, a pope whose watch word was *aggiornamento*, or bringing up to date. John convened Vatican II, an event which profoundly changed the Catholic church.

"When he died on June 3, 1963 the progress of his last illness was followed by millions of anxious people across the world, and throughout his last hours St Peter's Square was thronged with mourners for this, the most beloved Pope in history."

Pius XII, John's immediate predecessor, was a very different character who expressed any move towards modernism in the church, sided with right-wing politicians and firmly imposed his dictat. Duffy tells how Vatican staff were expected to kneel when they answered the phone from the Papal apartments. In the days before he died, Pius XII frantically composed speeches on every subject - from the latest gynaecological techniques to developments in the gas industry.

"Teaching gushed from him, unstoppable, a speech a day. Since the Pope was the Church's hotline to God, everything he had to say must be of interest. Pius himself came to believe that he had something valuable to contribute on every subject, no matter how specialised."

Duffy takes us on a pilgrimage down the papal chain from St Peter to, 261 popes later, John Paul.

There were the high points, as in the reign of Pope Gregory the Great, a devout man possessed of enormous energy who reorganised the church and increased its power. During Gregory's reign (590-604) the church became the single largest landowner in the West. (Gregory also dispatched Augustine as a missionary to England.)

There were also the low points. The papacy always depended on the support of the empire: when it collapsed in the ninth century the church lost much its

SAINTS AND SINNERS: A HISTORY OF THE POPES
by Eamon Duffy
Yale University Press £16.95, 320 pages

THE PAPACY
by Paul Johnson
Weidenfeld & Nicolson £25, 224 pages

land and power. "With its dissolution the popes were left defenceless in the snake-pit of Italian politics."

Between 872 and 1012, popes were bludgeoned to death, strangled and suffocated. The illegitimate son of the union between Pope Sergius II (904-911) and a Vatican matron was appointed Pope.

The Renaissance popes were often decadent, but they were also responsible for building the great churches and palaces of Rome. Leo X (1513-21) issued indulgences in order to fund the rebuilding of St Peter's. "Rome had no industries but pilgrimage, no function except as the Pope's capital," says Duffy.

Paul Johnson argues that this unity of the Pope and Rome is one of the factors which has ensured the papacy's survival through the centuries. "Rome means the papacy, and the papacy is essentially Roman."

The bulk of Johnson's book is composed of contributions from eminent historians and theologians. Johnson himself is no papal critic, in awe of the Vatican's power and grandeur.

"The papacy is the last of the ancient autocracies, the only one where the autocrat himself has preserved his essential powers intact. Caesars and tsars, emperors and Holy Roman Emperors, mikados and sultans and Magus have vanished or shrunk into mere constitutional functionaries, no more significant today than the high priests of the Israelites or the pharaohs of ancient Egypt. But the pope is still there, and a larger congregation than ever before - over one billion people of all races

acknowledge his spiritual sovereignty." Johnson says the papacy has adjusted itself to the modern world and looks towards the future with confidence. That view is questionable. There are millions

who regard themselves as good Catholics but who do not accept the Pope and all his teachings. John Paul II might be a great populist but he is also responsible, through his deeply conservative views, for alienating

large sections of the church. While catholicism is growing in strength in some parts of the developing world, in Europe it is in decline. If this trend continues, Rome and its papal paraphernalia will become increasingly irrele-

vant to the majority in the church.

John Paul II has been part pop star, part stern disciplinarian. The papacy urgently needs another John XXIII and a good dose of *aggiornamento*.

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BOOKS

Historical truth put on the line

Is history a creative art or a science of discovery? A.C. Grayling joins the fray

History is an ambiguous word. It can denote past events, or writings about past events. But what if the former are created by the latter? After all, the past no longer exists; here, in the present, we find objects (including documents) which, we suppose, have survived from the past, and we construct narratives to explain them, making educated guesses to fill the gaps. These objects, our interpretations of them, and our gap-filling guesses, all belong to the present. Historians disagree over interpretations, even about what to treat as evidence and whether the "facts" of history are found or made.

What does this say about history? Is it a creative art, or a science of discovery? Either way, is there such a thing as historical truth? Our sense of reality is offended by the claim that the past is an artifact of the present, and we oppose the licence thus accorded to those who, for exam-

ple, deny that the Holocaust happened.

But there is an intellectual mood abroad, loosely called postmodernism, which has it that there are no hard facts, no final answers, only a plurality of "discourses", each with its own claim to validity, from which it follows that there is no authoritative standpoint from which different perspectives can be adjudicated. On this view there is no history, only a plurality of histories, all emanations from the subjective present.

In this mood, rumbustious book, Richard Evans responds to the postmodernist challenge. He defends the practice of history itself, from the worst corruptions of postmodernist theory. But his

opposition is not unqualified; postmodernism's more moderate versions, he suggests, have lessons to teach.

In the process, he updates the 1960s dispute between E.H. Carr and G.R. Elton, in which Carr argued that historical judgments reflect the assumptions of the periods that produce them, while Elton defended the orthodoxy that there are hard historical data which, when discovered, settle matters. Postmodernism disagrees with both of them, rejecting the belief they share, despite their differences, that historical truths exist, and that historical inquiry makes progress. Carr, an admiring historian of the Soviet Union, further believed that history itself is progressive, which he thought the

Soviet experiment proved. What would he say now?

More relativistic forms of postmodernism argue that freedom from supposed objectivity allows hitherto silenced voices to be heard - chiefly, those of suppressed minorities. Here, the

IN DEFENCE OF HISTORY
by Richard J. Evans
Granta £15.99, 307 pages

grounds for validating alternative histories are political, moral, even aesthetic; appeal to rational standards of evaluation, by contrast, is repudiated as favouring the status quo.

Evans exposes the contradictions in this view, not least

among them being that, if the same argument is applied to postmodernism itself, it becomes just another voice in Babel, interpretable as we like. The problem is conspicuous in cases where postmodernists wish not to be misunderstood, as when Derrida defended Paul de Man after information about the latter's Nazi collaboration surfaced.

Postmodernism insists on the historian's subjectivity, his imprisonment in his own time, the Protean character of texts, the incompleteness and ambiguity of the record. All this Evans allows, but he argues that good historical work is sceptical, scrupulous and self-critical, and therefore allows for these factors; so the goal of objective historical knowledge is attainable.

He also allows that moderate postmodernism has value: it makes us think more carefully about evidence, suggests new areas of research, brings individuals back into historical focus, alerts the historian to his own limitations. But all this, says Evans, merely prompts the historian to greater care, and encourages rather than impugns the belief that historical truth is attainable.

On the way to these conclusions Evans reviews, with great clarity and economy, the chief nodes in historiographical debate: the question whether history is an art or a science, the nature of historical sources, the place of causation and chance in historical explanation, the ideological assumptions and uses of

history, the concepts of truth and objectivity.

We also discover how violent historians can be in their controversies: when opportunity offers they rise from the dusty silence of their archives and bludgeon one another with amazing ferocity. This is exemplified in the recent case of David Abraham, a young American historian attacked for (at least) sloppy handling or (at worst) fabrication of his sources in writing about the Weimar Republic, and who was therefore driven from his profession.

Evans cites other equally bloody cases; and also shows how to do it, notably by lambasting his colleague Arthur Marwick for arrogance, thoughtlessness and employing meaningless metaphors. This is entertaining, and because the book surveys an important topic well, Evans amply satisfies the Horatian requirement that an author should give us pleasure and instruction combined.

How art mirrors American life

Justin Cartwright admires a detached view

In his many years as art critic of Time Magazine, Robert Hughes, Australian by birth, has come to be one of the most acute observers of American life and culture. Behind every scintillating page of this book - whose origins are in a television series - lies a wonderment at America today, a place increasingly inaccessible to understanding, a place whose own citizens now resort to moralising incantations to guide them in the dark.

The fact that Robert Hughes's interests are wide and his understanding broad - Barcelona, Australia, modern painting are all in his backyard - means that *The Epic History of Art in America* has a breathtaking cultural reach. It starts quite simply with an appreciation of the works, be they painting, furniture or architecture, and relates them with extraordinary insight to the times.

So we see Puritan art, with its suspicion of decoration, challenged by Quaker art, the emergence of Shaker and Amish art (the first entirely American art form, according to Hughes). We see, from the earliest stumbling in the wilderness, American art giving evidence of the virtues and the values of the society which produced it. And we find from day one, a sense that America was a unique case, a favoured land, a tabula rasa.

As these values become less sure, as the pace of immigration increases, and as the wilderness shrinks, so the art becomes more fragmented. But all the time we see emerging an American perspective on art, looking to Europe for two centuries certainly, but also increasingly sure that Americans could make something unique, unmediated by what Jefferson called "monkish superstition."

The Jeffersonian ideal - and Hughes is particularly good on Jefferson's aesthetic - of a secular, rational, society still finds its expression in the architecture of universities and government buildings. Hughes loves architecture and the messages it contains, as he demonstrated in "Barcelona". He shows exactly how Jefferson, with his designs for the University of Virginia, set the tone of cool rationalism. It is perhaps one of the greatest ironies of modern America that monkish superstition in the form of whacko religious beliefs and conspiracy theories, should have made such a comeback.

AMERICAN VISIONS:
THE EPIC HISTORY
OF ART IN AMERICA
Robert Hughes
Harvill £35, 635 pages

What impresses itself on anyone who first arrives in New York is the immense and man-made scale of it all. Hughes shows how skyscrapers were made possible, first by the development of wind-braced skeletons for buildings, and then the elevator. But he also quotes Louis Henry Sullivan, admirer of Walt Whitman and, along with Stanford White, the most influential architect of the late-19th century, to show that modernism was intensely idealistic: "one might say of him as one could say of Cézanne, that his work struggled toward a kind of modernism that did not exist and still does not."

But what Americans had, and what their architecture and engineering demonstrated, was supreme confidence bordering on religious faith, in the creations of the modern world. If America had never been, cathedrals would still be the tallest buildings in the world. Hughes charts the ebb and

flow of American art through Thomas Eakins, John Singleton Copley and Winslow Homer; he explores the American art world's particular relationship with Europe and its connection to the new wealth; he explains the export of so much Renaissance and Impressionist painting, and moves elegantly but determinedly onwards, ever onwards to Modernism and Jeff Koons.

This description of Koons' work gives a glimpse of his engaging - and engaged - style: "His picture of Michael Jackson with Bubbles the chimp, like his version of Leonardo's Saint John clutching a winsome piglet, are so syrupy, gross and numbing that collectors felt 'challenged' by them; they repeat the debased baroque of kitsch religious sculpture in an inflated, condescending way... There is something nauseating about such unctuous calls to regression from an artist so transparently on the make... One might suppose that Koons had psyched himself into thinking he was a latter-day Bernini. Or was it a pose? By now it hardly matters."

Compare that with his appreciation of Winslow Homer, whom he regards as the greatest American painter of the 19th century. He describes "The Veteran in a New Field" thus: "A man in a white shirt, whose face we don't see, has gone back to his farm and is mowing the wheat... His jacket and water canteen, lying on the ground, identify him as a former Union soldier. The composition is stark: one man, two planes of color - the stalks of wheat rapidly conveyed in other with umber streaks of shadow rising through them from the ground and the crooked diagonal of the scythe at the end of its swing. We are meant to think of Isaiah 24: And they shall beat their swords into plowshares, and



'Chop Suey' 1929, by Edward Hopper, 'probably the most original painter of the 20th century'

their spears into pruning-hooks: nation shall not lift up sword against nation, neither shall they learn war any more. Those who saw the painting in 1885 would have needed no reminder that the Northern armies were largely volunteers, not professional soldiers...

Of Eakins's famous painting "John Biglin in a Single Scull", he writes "...the arrowing interweave of reflections below the boat, containing the colors of the vanished bull, Biglin's white singlet, his skin and his red sweat-bandana, seem to have the beauty of undeniable

fact - a fact, however, which we cannot test for ourselves but are induced to take on trust..." (Undeniable fact, the basis of American realism, seems to appeal to Hughes.)

I find these exquisite descriptions allied to lightly worn learning irresistible. Hughes tells us that Philadelphia was a rowing-mad city and he tells us that Eakins's perspectives have the same elaboration as Uccello's. (A fact which I cannot test for myself, but am inclined to take on trust.) In the few pages on Homer alone there is so much

insight into the Civil War and into the formative experiences of America, that one sees that this is not so much a history of art in America, as a history of America through art.

The treatment of the American Indian in art, the impact of the wilderness, the dedication of landscape, the iconography of Hopper ("probably the most original painter of the 20th century"), the rise of television - all are distilled by Hughes into a lucid appreciation, which makes the profound uncase he feels about the last 20 years all the more telling.

Perhaps only a foreigner could have written this book: there is no pointless obsequence to minorities (although deep understanding, there is no patronising elevation of women, and above all there is an absence of cant. Hughes loves America, but he loves America with the benefit of detachment: "Americans, more than any other people, learned to believe that art progresses; that its value to human consciousness lay in renovation, seen as therapeutic in itself. In the arts at the end of the 20th century, as in other

fields of social life, this cherished belief is now falling apart."

I have had more enjoyment that I can tell in the month I have spent reading *American Visions* and looking at its illustrations. I have learned a great deal about American art and perhaps even more about America. Hughes concludes with Yeats: "The best lack all conviction, while the worst are full of passionate intensity." For conviction is substituted "a mantra of debased optimism." Nobody could accuse Hughes of such a crime. This is a wonderful book.

A plea for redemption

Antony Thorncroft enjoys the confessions of a witty clever dick

Stephen Fry is one of the great originals. He combines the outward exterior of an old English fogey with the personal philosophy of an iconoclast. He is a witty clever dick, wise enough to deflect criticism by heading the chorus of self-abuse.

This autobiography of his first 20 years is a pleasure to read, mixing outrageous acts with sensible opinions in bewildering confusion. Of course it is special pleading, but he deserves to be let off lightly.

Fry has little time for such modern busy-bodies as psychiatrists, counsellors, carers, and the like. How could he? Who can explain why the privileged son of an affluent and intelligent family, saturated with love and security, should turn into a thief and a liar while still in short trousers.

That so much outward charm, self-awareness and intellect should exist alongside behaviour that threatened to ruin the lives of innocent victims, noble par-

ents and Fry himself, gives the book a tragic grandeur that lifts it to classic status - not perhaps to the level of Rousseau's *Confessions*, (although there are similarities), but certainly close to those Victorian self-improvement tracts which suggest that even the most vile can be redeemed.

Fry does not quite explain how, in little over a year, he goes from a prisoner on remand and awaiting sentence for endemic credit-card fraud to scholar of Queens' College, Cambridge. Perhaps he saw the abyss and realised he had tempted fate too promiscuously.

As a fellow prisoner says, "these places aren't for the likes of you" - as his subsequent sentence of two years probation proved. What makes Fry's story so diverting is that he never, not even at 40, really knows

what is intrinsically wrong with Britain. He is equally bracing about homosexuality. It has very little to do with anal sex; much more about loving someone of the same sex. He spends pages describing how love hit him in the shape of a first-year boy at Uppingham, but then dismisses their one sexual groping as an irrelevant incident.

This autobiography would be very boring without Stephen Fry, the sign of a great age at work. It is also weird that we should believe what a confirmed liar tells us. He admits that much in his novel, *The Liar*, is fictionalised autobiography. But the real thing makes no mention of a period as a rent boy, vividly recounted in the novel. Is this a bowdlerised life?

At the end we share his joy in reaching a safe haven. The coda is extraordinary. In a conscious parody of Evelyn Waugh and W.H. Auden, Fry, while waiting to start at Cambridge, applies to Gabbins "Thring for a job in a prep school. The boy who idled away his games' afternoons in locker rooms going through the pockets of school mates puts himself forward as a stop-gap rugby referee.

Few can have bluffed their way through life more successfully than Stephen Fry. He should get down to recording the next 20 helter-skelter years of fame and fortune as an actor, writer, all round good thing, as soon as possible.

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A world of cybertwits

Sadie Plant is a young-

ish UK academic, media darling and self-proclaimed cyberfeminist whose areas of expertise apparently include gender, video games, technology and cybersex. Yet what, exactly, is a cyberfeminist? I still don't know, though thanks to this ridiculous book I believe I have discovered what a cybertwit and a cyberpeep are.

Zeros + Ones is the strangest, most quirky, jumbled, maddening, headache-making - worst - non-fiction book I have ever encountered. Once I had finished it I sat there, staring at the carpet, unable to make sense of it or concoct any explanation of what Plant imagines she has achieved with it.

So I consulted the dustjacket, which claims, preposterously, that *Zeros + Ones* "shatters the myth that women are victims of technological change. Weaving and typing, computing and telecommunicating, women have been tending the machinery of the digital age for generations, enjoying intimate relations with the techniques and technologies which are now revolutionising the western world."

There is more. "*Zeros + Ones*", claims the publisher, "is a provocative and inspiring manifesto on the relationship between women and machines in the unmanly cultures of the future... Astonishing, witty and perverse, *Zeros + Ones* changes everything."

What a load of toffee. Early on, there are flicker-

A world of cybertwits

ing intimations that Plant is heading somewhere. Man once made himself the point of everything, she says. "He ruled, she served. He made the great discoveries, she busied herself in the footnotes... She was his helpmate and assistant... She did the jobs he considered mundane, often the fiddling, detailed, repetitive operations with which he couldn't be bothered... He cut the cloth to fit a salary; she sewed the seams at a piece-rate wage..."

However, claims Plant, women have been intimately involved in the computer revolution. When computers were vast systems of transistors and valves which needed to be coaxed into action, it was women who turned them on. When computers became miniaturised circuits of silicon chips, it was women who assembled them. "Hardware, software, wetware - before their beginnings and beyond their ends, women," claims Plant, "have been the simulators, assemblers and programmers of the digital machines."

In the 1990s, she continues, western cultures were suddenly struck by an extraordinary sense of vol-

atility in all matters sexual: differences, relations, identities, roles, attributes, what have you. In short, there was a genderquake.

At the same time, the continuing decline of heavy industry, the automation of manufacturing, the growing sector and the rise of new manufacturing and information-processing industries in the west combined to reduce

the importance of the muscular strength and hormonal energies that had formerly been so well rewarded. Instead, there was now a demand for speed, intelligence and communications skills.

As a result, changing work patterns - especially the move to part-time and discontinuous work - were affecting skilled, unskilled and professional workers alike. "And, since the bulk of the old full-time, lifelong workforce was until recently male, it is men who have found themselves most dis-

turbed and disrupted by these shifts, and, by the same token, women whom they benefit."

However, it is at this point that Plant drives over a cliff and plummets into the void of her own pretentiousness. Her book zooms crazily into cyberbabble, so that we never discover whether the digital revolution is, in any concrete sense, aiding the cause of feminism... or even why Plant imagines it might aid the cause - good though that would be.

What makes the book almost unreadable is Plant's use of quotations. They are everywhere. Some, in black type, are dropped into the text; many others - often snippets - are used as the building blocks of her own sentences and paragraphs, some attributed to their sources there and then; others identified only in the chapter notes.

Zeros + Ones skims across the surface of many interesting subjects: maths, the internet, culture, sex, sperm counts, the workplace, cyborgs, hysteria, witches, AI, robots, replicants, automata, mutants, bugs, cybernetics and machine code. But the book's organisation and execution are lamentable.

I was left with a horrible suspicion: that the last book ever written will be something like *Zeros + Ones*: fractured and frenetic - an incoherent mess.

Michael Thompson-Noel

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ARTS

Carried away by the gifts of God

William Packer admires the long neglected work of a 17th century woman artist, Josefa de Obidos

The ever enterprising Accademia Italiana's latest initiative is to bring to London a small exhibition seen only in Washington during the summer. It proves to be as pleasurable a surprise as could be sprung. That its subject should be the work of an unfamiliar master of the 17th century, and a woman at that, only makes it the more remarkable.

Josefa de Obidos is not quite unknown beyond Spain and Portugal, but she has certainly been unduly neglected. Here her appearance amounts to her rediscovery. She was born in Seville in 1630, daughter of a young Portuguese painter, Baltazar Gomes Figueira and his Spanish wife, Catarina, whose father, Juan Ortiz de Ayala, was a well-connected local merchant and a patron and collector of art. Another Sevillian painter, rather better known, the elder Francisco de Herrera, was Josefa's godfather.

In 1634, her parents returned to Portugal, to Obidos north of Lisbon, apparently as a result of some legal embroglio. Josefa was left behind with her grandparents, growing up in what was clearly an encouragingly artistic household.

At some time after 1640, when she was 10 or 11 years old, she rejoined her parents and by 1634 was a boarder at the Convent of Santa Ana at Coimbra, where she completed what was for the time a remarkably free and liberal education. At 16 and probably still a convent-girl, she produced the engravings that are her earliest recorded works and, within a year, her first small paintings in oil on copper. By her early 20s she was back with her family at Obidos, working with her father, and her career in her own right began in earnest.

And very successful it was in its way, with its steady flow of commissions from the religious houses of provincial Portugal. Josefa de Ayala e Cabrera, to give her her proper name, "emancipated by the consent of her

parents", lived out her life in and about Obidos. She died in the summer of 1684, a devout, unmarried woman, independent and rather well-off.

In her lifetime she enjoyed a considerable reputation in her own country, all the more so for her being a woman. Her subsequent obscurity was, perhaps, but a function of the nature of that success. For a while, her reputation even grew, but with it came myth-making, exaggeration and misattribution. From there it was but a step to confusion and obscurity, a provincial painter in a provincial context, no matter that her actual education and contact with the wider world of art had been real enough.

But the quality, if not the reputation, remained for those who cared to look. An Irish architect, James Murphy, visiting the Abbey of Alcobaça in 1789, noticed "one portrait here, painted by a Portuguese lady named Josefa, that is worth the whole collection." What a pity it is now lost. And that quality is of a subtle and delicate consistency, at once entirely personal, and yet set clearly within a strong existing tradition.

Her still-lives in particular set her among the Spanish masters of the previous generation, who established the still-life as an authentic genre and whose work she would have known - Cotán, Velázquez and most especially Zurbarán. There is the same, almost feverish clarity of definition, the same sharp, lit image against the darker surrounding space, the same cast of objects - pots and howls, bread and sweets, fruit and vegetables. And in all of them we may find the particular references and symbolism of revealed religion.

What sets Josefa apart is not so much the sense of her serious and dutiful consideration of religious culture, but the simple, innocent joy with which she invests and celebrates such gifts of God.



'Salvator Mundi', 1660-1670, by Josefa de Obidos of Portugal: the simplicity in her work is entirely captivating

Even as she is describing her dish of cakes with the utmost objective skill, there is to her statement an artlessness, a simplicity in her engagement that is entirely captivating. She gets carried away by it herself, and cannot then resist the decorative flourish, an extra bloom, a veritable floral garland to surround it all.

As much indeed is true of

her overtly religious, not to say macabre subjects - blood streaming from the back of the scourged Christ; the Lamb of God meekly trussed for the offering, the most familiar and most poignantly charming of all her paintings. Figures and faces recur, often stylised to a degree but surely drawn from the same few models, Mary and Joseph and the

Holy Child at their supper (1674) the very ones we see again on their flight into Egypt (1676).

These are very beautiful works indeed, almost too beautiful in the mass, the decorative impact at first almost overwhelming. And their peculiar strength lies in that combination of technical mastery and complete absence of self-conscious-

ness, the artist herself lost in the delight and mystery of what she does.

The Sacred and the Profane - Josefa de Obidos of Portugal, 1630-1684: The European Academy & Accademia Italiana, 8 Grosvenor Place SW1, until November 16; sponsored by Grupo Esprito Santo, and Argus Resources (UK).

Television/Martin Hoyle Fact funnier than fiction

Just as the fourth estate is under fire let us salute an example of journalistic sensitivity. "It's a difficult question," the lady reporter said gently to the bereaved parent, "but what makes you think that the fish finger was your son Lyndon?" The mother dabbed her eyes and recounted Junior's abduction from the garden in a space ship, leaving behind the enigmatic fish finger. "A strange experience," murmured the reporter. We met the non-committal Lyndon, kept in the fridge except when his mother placed him on a velvet cushion. Then it was he for the open road in search of a cow reputedly with the face of Jimmy Hill.

Tuesday's *Cutting Edge* (Channel 4) showed that Chris Morris's spoof documentary series, *Brass Eye*, has a long way to go before it is as funny as real life. This was a day or two in the life of *The Sport*, a tabloid owned by David Sullivan whose background includes 28 years of selling products with naked girls.

The *Sport* is refreshingly up-front. It was in a state of high excitement preparing to fly over from the US Lolo, the lady with the biggest breasts in the world. This posed practical problems. "If she walked from the door to here she'd have to sit down," said one thrilled executive. "She doesn't walk much." In the event, speech was the only facility apparently denied to Lolo as she posed, precariously top-heavy, in front of Buckingham Palace and Big Ben, eventually lumberingly moved on by henchmen police. Alas, we never saw her in action on the trampolines expectantly installed in the newspaper office. Meanwhile the editor compared his paper favourably with such close competitors as *The Independent*.

Salvador Dali would have made a fine picture editor of *The Sport*. The thought is prompted by his painting "The Great Masturbator", encountered in BBC2's *Omnibus*, subtitled "The Fame and Shame of Salvador Dali". The week was something of a Dali-fest, or rather a Gibson-fest, since the Dali biographer Ian Gibson not only fronted the television two-parter but had five nightly slots on Radio 3. Dali was as great an artist as Paul McCartney is a composer: more proficient technically but with slightly less to say. The indefatigable Gibson climbed towers, dropped names, spoke fluent Spanish and even pronounced Dali correctly. His multi-media presence, rhapsodising on such delights as "a sodomitic heaxagon trying to have it off with a donkey" and "the red hand of the masturbator caught in flagrante" (I wonder if he moonlights as a sub-editor on *The Sport*), was a hit much over the week. Dali tried to collaborate with the Marx Brothers and Disney but it fell through. Perhaps because they had a sense of the ridiculous that he lacked.

The over-earnest are much with us. Beware of the credit "devised by...". What does it mean when (for example) Lynda La Plante is also credited as writer and producer? That she thought up the gimmick of split-screen images? *Trial and Retribution* (ITV) became more irritatingly portentous as it went on. The split-screen technique rarely justified its distracting fussiness. For La Plante life is *Sturm und Drang* when it is not simply hysterical, even down to solving policemen (wildly melodramatic compared with the no-frills excellence of *The Bill*). Unintentional and entirely unsuitable humour results.

In *Books and Mortar*, BBC2 visited the new British Library, over-budget, over-deadline but over-ambitious. Am I alone in finding the interior impressive? Problems include space, the acquisitions budget (none), and the professional knackers: there were predictably irrelevant smartass wisecracks from Jonathan Meades. But good for John Wells, Lord Palumbo, Maureen Lipman and Peter Blake, who like it. Good for Jonathan Glancey favourably comparing it with the hideously inhuman French national library, twice as costly, "arrogant and dogmatic". Good for George Steiner who praised the British tradition: "more liberal, amateurish, messy, pragmatic..." Spare a thought for the heartbroken architect, a civilised and articulate man, who has not worked since, thanks presumably to such figures as the waffling Meades.

And what of Lyndon? In a bitter twist undreamt of even by *The X-Files*, the *Sport's* headline told its own grim story: "Mam Gills Fish Finger Kid". Mother love gave way to an instinct even more basic. Will prosecution follow? What kind of country is it where a woman with a 71-inch bust is not allowed to stand in front of Big Ben but where cannibal parents devour their young? It would need the pen of a Zola or a Lynda La Plante to describe it; which they would, without the flicker of a smile.

The musical chairs among the UK's arts organisations shows no signs of ending. The latest to join the party are Sir Brian Corby and Elliot Bernard, respectively chairman and putative chairman of the South Bank Centre.

Along with director Nicholas Snowman, they are so fed up with the Arts Council, which perpetually postpones a decision on whether to give the centre the £30m in lottery funding it needs for its redevelopment, that they

Off the wall/Antony Thorncroft Changes in the air

are contemplating resignation if the matter is not resolved at the November meeting of the council. The South Bank first expected to get a decision in the summer of 1996. The delay has now added at least £3m to the costs: the £30m provisionally allotted by the Heritage Lottery Fund for

the Festival Hall side of the project is not open-ended in time; and the £17m in reciprocal funding pledged by the ailing Sir Paul Hamlyn is also in jeopardy.

One can see the dilemma for the Arts Council, and for culture secretary Chris Smith, who must have a say in this major venture. Giv-

ing another vast sum to a London-based arts institution plays badly with the public, but both Hamlyn and Richard Rogers, designer of the wavelike roof over the centre, are Labour supporters.

Not all resignations are triggered by disaffection, however. Two of the most distinguished museum directors of the UK, Neil MacGregor of the National Gallery and Timothy Clifford of the National Galleries of Scotland, are believed to be considering their positions. In their case it is because they are being sounded out for bigger if not better things. By chance the two top jobs in the US, directorships of the Metropolitan Museum of Art in New York and the Getty Museum at Malibu California, are currently up for grabs, as is a similar post in Berlin. Both men have been successful enough to be considered. Neil MacGregor, the only director of a major museum not bound by a contract, may well consider that he has done all he can at the National Gallery. He would probably be happier in Berlin or New York than in California, but he is in no great rush to move.

For Timothy Clifford, the chance of taking over the new Getty Museum, opening in December, might be irresistible. He has long been a thorn in the Getty's side, anathema away treasures such as Canova's sculpture of The Three Graces that the Getty thought it had purchased. He has persuaded the Getty's Museum's most maverick critic, John Paul

Getty, to contribute towards keeping works of art in the UK. Defecting to the Getty Museum might seem a shrewd move for both Clifford and the museum.

An indelible sign of a return of the good times is the re-appearance of arena opera. Next year London is hosting a revival of *Aida* at Earls Court, courtesy of Harvey Goldsmith, and *Madam Butterfly* at the Royal Albert Hall.

The *Madam Butterfly* comes from Raymond Gubbay, the UK's leading promoter of classical evenings. This version of Puccini's opera, directed by David Freeman of Opera Factory fame, is his most expensive, costing around £2m.

Some of the money is going towards flooding the Albert Hall, leaving *Butterfly* marooned on a floating Japanese garden. It is hoped to recoup the cost by touring the production and extending the eight committed performances to 12.

Gubbay is now the second highest user of the Albert Hall after the Proms, and is following up *Madam Butterfly* later in the year with the ballet of *Romeo and Juliet*. With top ticket prices of £39.50, he thinks he can under-cut the Royal Opera and the Royal Ballet even when they are on tour.

After making a great financial success of the Albert Hall, managing director Patrick Deuchar is another arts heavyweight looking for a new job. The vacant secretary generalship of the Arts Council did not appeal when its salary was frozen at around £60,000, but it has since been increased. The South Bank is another possibility, if the current team there has had enough.

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ARTS

After the storm, a ray of hope

The reopening of a library heralds a new form of cultural patronage in Italy, writes Paul Betts

Italy's cultural heritage has been raped several times in the last couple of years. Nature's provocation, as the Franciscan friars call the continuing earthquake that is ravaging their abbey in Assisi destroying Giotto's and Cimabue's, is only the latest disaster to hit the country's priceless artistic patrimony.

Before the earthquake, a fire damaged the cupola of Turin's cathedral as well as the Palazzo Reale. Another fire wrecked La Fenice, the Venice opera house. Vandalism broke a chunk of Bernini's fountain in Piazza Navona in Rome and snatched an ear off a marble horse in the fountain of Neptune in Florence. Pompeii has also been the victim of vandals, thieves and, above all, continues to be threatened by volcanic eruptions. The list could go on.

"Our churches and frescoes are crumbling," said Umberto Eco, the author, linguist and fanatical ancient book lover, the other day. But amid all the gloom there was a ray of hope, he added, referring to the re-open-

ing this week after seven years of restructuring and restoration of the Ambrosian library and picture gallery in Milan. The Ambrosian library has been closed for so long that many people have forgotten its artistic, historical and academic significance. They are about to rediscover a treasure trove that includes one of the world's most important collections of ancient manuscripts and books, and some great masterpieces of Italian painting.

Monsignor Gianfranco Ravasi, the prefect, as he is known of the Ambrosian library and gallery, likes to joke about Bill Gates' acquisition three years ago of Leonardo's Leicester Codex. The Microsoft whiz-kid paid about the same amount for the 18 pages of Leonardo manuscript and drawings on the theory of

fluids as the L46bn (£16.47m) that has just been spent to restore and modernise the Ambrosian. And the Ambrosian, the Monsignor emphasises, owns Leonardo's Atlantic Codex, the richest body of Leonardo scientific and technical drawings and sketches in the world, which will be the centre piece of the new Ambrosian's first big exhibition next autumn (1998) devoted to Leonardo.

Apart from the Atlantic Codex, it is also home to the wonderful portrait of a musician and the profile of a young woman, erroneously thought to be Beatrice d'Este. Originally attributed to Leonardo, the lovely profile is now believed to have been painted by Giovanni De Predis, who worked with Leonardo. But the Ambrosian is not only famous for Leonardo. Among its

other masterpieces is the Cinemascope-size Raphael cartoon of the School of Athens, the exquisite fruit basket by Caravaggio, Titian's Adoration of the Magi, a Botticelli madonna, and a lock of Lucrezia Borgia's golden hair that had so attracted Byron when he visited the gallery in 1816.

The Ambrosian has been sensitively refurbished and modernised to combine its functions of museum, public library and a place of scholarship. It became the world's second public library, opening seven years after the Bodleian in Oxford. It is also the oldest public picture gallery in Europe. Cardinal Borromeo opened his gallery containing his collection of 173 paintings, drawings and sculp-

tures in 1618 - 65 years before Oxford's Ashmolean, often wrongly considered the oldest.

From the beginning, the Ambrosian has relied entirely on patronage. Its collection of books and paintings has continued to grow thanks to benevolent patrons. "A Botticelli was donated to us as recently as the 1950s. We received a large fresco while we were closed for restoration," explains Monsignor Ravasi. The restoration itself, which took longer than expected because of the discovery of Roman ruins and pre-Roman ceramic fragments in the foundations, was the result of a new form of patronage now growing in Italy.

The entire L46bn was financed by the charitable foundation that until a few weeks ago controlled the Milan-based Cariplo, Europe's largest savings bank.

The peculiar Italian system of banking foundations is now undergoing profound change with the privatisation of the Italian banking system. These foundations are in the throes of selling off their extensive banking interests, transforming themselves into financial vehicles to promote and fund social and cultural activities of national as well as regional importance.

"We now have an historic challenge of supporting economic and cultural development at a time when the old welfare system is in crisis as a result of government cuts," explains Giuseppe Guzzetti, chairman of the Cariplo foundation. For Guzzetti, the reopening of the Ambrosian represents an extraordinary and timely symbol of the new social and cultural role the banking

foundations are about to assume. For Milan, it is expected to help the city, considered these days more often than not as synonymous with the high rag trade, recover some of its cultural lustre.

For Eco, there is a metaphysical dimension. The author of *The Name of the Rose*, a mystery set in a monastic library, has now been asked to help Milan build a new state-of-the-art library to provide the city with a facility comparable with the new libraries in Paris and London. Eco describes a library as the closest thing to the divine mind, for God, as Dante wrote in his *Paradise*, is the totality of knowledge. "Some people say books will disappear because we will one day read everything on screens," he says. "I'm convinced of the opposite. Books are like forks or knives or bicycles. Once they have been invented people realise there is nothing better to replace them. Have you ever tried to eat peas with one of those designer Scandinavian forks? It's hopeless."

Back at the court of the Medici

Susan Moore finds a great age recreated in Florence

By the end of the 16th century, the imposing Uffizi Gallery containing the Medici family art treasures had become a kind of mammoth Wunderkammer. On display to the privileged were antiquities, sculpture, paintings, silver and ceramics, carved precious hardstones and gems, *pietra dura* mosaics, tournament armour and exotic weapons, tapestries, natural curiosities, scientific instruments... Such was the extent of the collections that visitors were transported from one end to the other in wooden wheelchairs. An evocation of the ambition and scale, and the splendour, of Medici collecting is one of the objectives of the gloriously theatrical *Magnificence at the Medici Court: Art in Florence at the end of the 16th century*, on show in the Museo degli Argenti at the Palazzo Pitti, until January 6. Today, though, visitors have to make do with their feet.

Shortly after taking over the government of the city in 1537, young Cosimo I de' Medici, later to become Grand Duke of Tuscany, expressed his grand aspirations in a series of commissions intended to enhance his reputation. Like his namesake, Cosimo II Vecchio, founder of the family banking fortune, he realised the propaganda value of architecture and monumental sculpture.

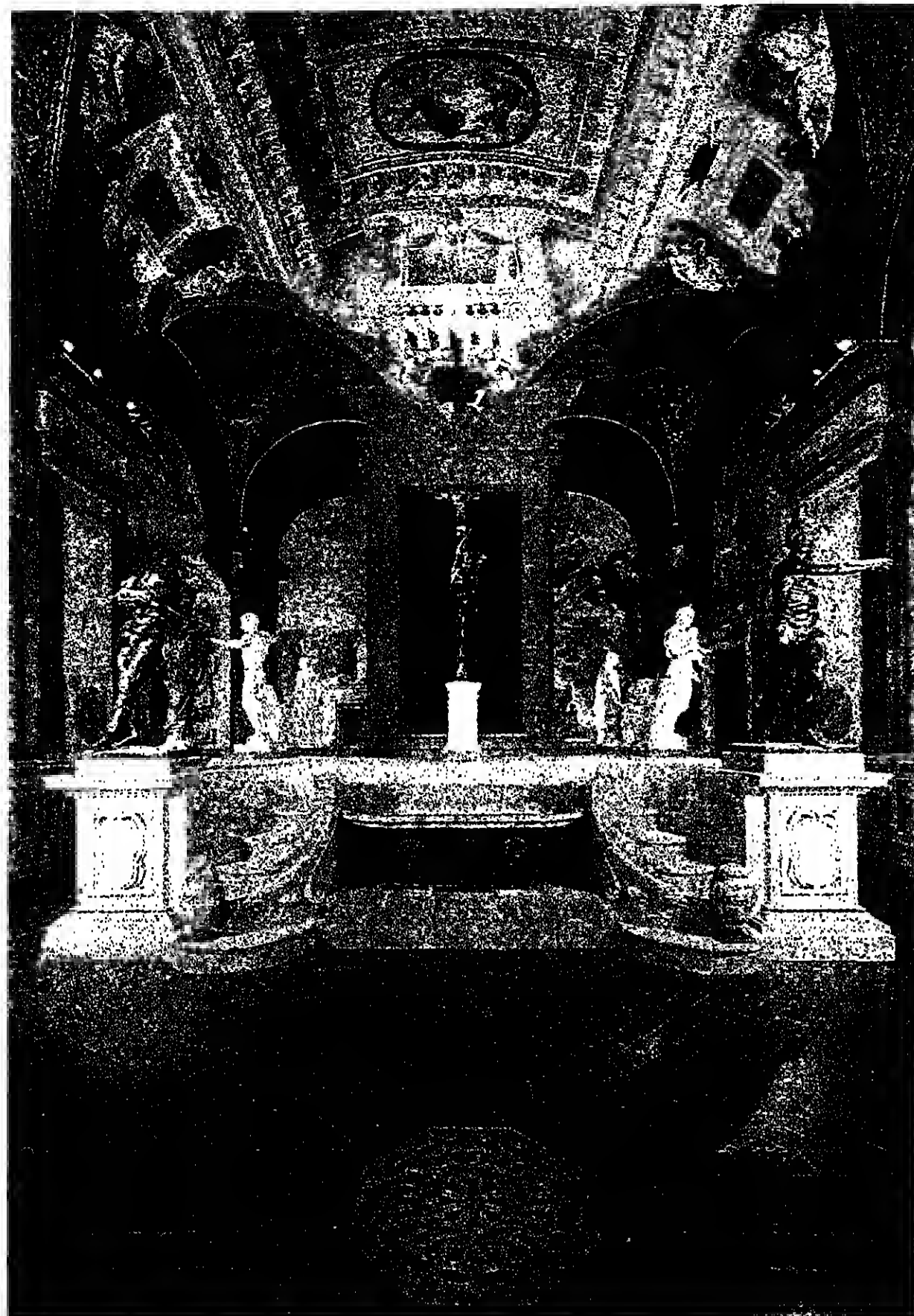
In honour of the family name, he set about restoring the plundered Palazzo Medici, re-assembling and enriching the Laurentian Library (founded by Cosimo II Vecchio), and enlarging Lorenzo the Magnificent's collections of small bronzes and medals. The Palazzo Vecchio and the Palazzo Pitti were extended, the Uffizi built to the designs of Vasari and Cellini's "Pensus" and Ammannati's Fountain of Neptune commissioned to grace the Piazza della Signoria. Throughout the city columns were erected commemorating the Medici.

Magnificence at the Medici Court is a show all about patronage and prestige, propaganda and politics in Florence - in the 16th century and the 20th. It has been financed and organised (in association with the Soprintendenza per i Beni Artistici e Storici di Firenze) by the Ente Cassa di Risparmio di Firenze, which funds a wide range of social, cultural and environmental projects in Florence and its region. This particular piece of patronage, intended to re-launch Florence on the international circuit of great cultural events, has cost it a princely Lire 1.5bn.

The Ente also recognises the importance of the city's foreign institutes. This show was staged in honour of the German Kunsthistorisches Institut, which celebrates its centenary this year, and of German scholars who have done so much to further our knowledge of 16th century Florentine art, particularly sculpture. The age of Francesco I and Ferdinando I, in which sculpture replaced painting as the dynamic image-maker, was an obvious subject.

There is an element of polemic, too. It is hoped that the show will encourage Florentines to re-assess their noble sculptural heritage which is more widely appreciated in Germany and Britain than in Italy. Moreover, the presentation of the exhibits is intended to stir up the current debate in Florence about how museums should be arranged. Rather than separated into categories, sculpture, paintings and the applied arts are grouped together to emphasise the themes and devices linking the arts of the period.

Sculpture is one of the glories of the show - and perhaps never has it been more dramatically presented than in the palace's immense Sala di Giovanni di San Giovanni. Here, in Pier Luigi Pizzi's extraordinary architectural stage-set made out of resin and granite dust, the "battle between ancient and modern" is re-enacted. Life-size



The extravagant show of the Medici treasures in the Palazzo Pitti's immense Sala di Giovanni

bronzes by Giambologna, Ammannati and Jacopo del Duca, plus marble figures by Giovanni Battista Caccini, take on their Graeco-Roman rivals.

Giambologna, the Flemish-born sculptor, was to revitalise Florentine sculpture and, through his widely travelled small bronze statuettes, helped disseminate a new Florentine style. Here is his early monumental bronze "Bacchus" which, research for this show revealed, had only narrowly escaped the fate of being turned into a St John the Baptist. Centre

stage, a large-scale bronze of his most famous work, the winged Mercury, is re-united with Ammannati's "Mars" and Jacopo del Duca's "Silenus with Infant Dionysus", after an Antique original.

If there is a rival to this bravura display, it is the four tables laid out with the Medici treasures of carved and elaborately mounted hardstone vessels - in rock crystal, lapis lazuli, jasper, heliotrope, emerald paste. Francesco, the "alchemist prince", had inherited his father's interest in rare and precious materials and gath-

ered together in the Casino di San Marco a large group of skilled craftsmen and scientists experimenting with new techniques, from the manufacture of porcelain to mosaics in *pietra dura*.

His famous Studiolo in the Palazzo Vecchio is evoked, so too is the octagonal Tribune in the Uffizi Gallery which he created to house his choicest pieces, and Pizzi has even used the kind of crimson shot silk that originally lined its walls. In pride of place hangs Raphael's "Madonna della Seggiola". What should have been

the grand finale of the show is its most disappointing section. Here, more than anywhere else, a number of great works of art are conspicuous by their absence. Furthermore, there is something potentially misleading about mixing up works either commissioned or acquired by, or presented to, the Medici with others which merely represent the spirit of the age.

That said, Signor Pizzi and his team have exploited their magnificent and wholly appropriate setting to create a memorable show.

Radio/Martin Hoyle

All things to all men

The BBC was 75 last Saturday, being one day younger than the 1922 Committee. Its near-twinning with that venerable Conservative organisation may even subconsciously have something to do with the popular image of the corporation as fuddy-duddy, straitlaced and reactionary. The BBC seems almost to welcome the image, beamingly accepting the nickname of "Auntie" in their devotion to things American. Yet the day when the clichés churn out in one sector, about Auntie receding in horror from modernity, is likely to witness cries of outrage from another sector prompted by the arrogant abandonment of decency and established standards.

The BBC is truly all things to all men, especially if those things are unpleasant: tyrant or lickspittle, running dog or subversive anarchist. It must be doing something right. The cautious celebration currently taking place is almost too self-effacing for one of Britain's true international successes. Perhaps this is part of the Blairite "de-branding" of Britain to be witnessed this weekend at the Commonwealth Conference in Edinburgh: a careful dismantling of national character to be replaced with something as plastic as our beaming, gesticulating little president himself.

Last week's *Any Questions* was a special edition, less celebratory than properly interrogatory, where some of the questioners were as notable as the team. As a member of the public Richard Hoggart complained of the formulaic response to any form of criticism.

Max Hastings, on the team, voiced a general fear that in a few years the BBC would be accountants, management consultants and Mr B's personal staff, but perhaps he was getting confused with the Labour Party. Gerald Kaufman, not the best-loved figure in the corporation and therefore worth listening to, pointed out that "you don't get *ganja* through research", adding that today the BBC wouldn't dare to put on *That Was the Week That Was* - I agree but for different reasons the BBC is not afraid of rudeness or bad taste (*The News Quiz*, *Week Ending*), it simply works to a lower common denominator, a perpetual adolescent (ie pop) public. In the old days

it addressed adults and could judge what targets were worthy of satire.

The programme was surprisingly mild, perhaps paradoxically a sign of how seriously we take our broadcasting (no rabble-rousing or knee-jerk party political points). There was little emphasis on the World Service or how the BBC strikes the world in general. This was corrected by the following *Any Answers*. In many ways more interesting than its parent programme. An enthusiastic Italian listener rang to say how he had missed the BBC back in Italy; he was "very happy" with it. Somebody wanted the Beeb to assume the role of arbiter of the language on the lines of the Académie Française - which would necessitate mass redundancies in the ranks of continuity announcers; and I suspect a popular nerve was touched by one woman who used to "adore" the radio complaining of the shouting, down on *Today*, the "aggressive, unpleasant" *Archers*, the 6.30 comedy slot and quizzes "puerile beyond belief". And so it went, roughly along the lines set by Chris Dunkley's *Feedback*. Why, I wonder, does educated, middle-class articulateness strike such error into the BBC powers that be? No other country automatically rules out its educated bourgeoisie as beyond the pale. Some have tried, and that way lie killing fields and cultural revolutions.

Having said which, a reminder of the bad old days was fascinatingly supplied by *Remember Revisited*, a comparison of social surveys carried at the behest of Sir Seebohm Rowntree in 1899, the 1930s and 1950s, in the Rowntree industrial territory. Old recordings were dug up, the descendants of the original subjects were tracked down. Some things have changed for the better, some not enough. "He was a gentleman - he spoke to such as me," said one old lady of the local boss. Luxuries were shared - "If you bought a magazine you went from house to house with it" - and means testing applied to medical help: you could be told to sell your furniture before you qualified. One lady refused: her father had pawned his waistcoat to buy that rocking chair. To be continued this afternoon: Radio 4, four o'clock. More birthday celebrations next week.

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Not having seen "She Knows You Know!" in either its Leeds or Edinburgh incarnations last year, I cannot pass judgment on rewrites or changes which the show may have undergone. What I can say is that, as far as my dim childhood memories can testify, Jean Fergusson's impersonation of Bolton-born comedienne Hylda Baker is uncanny.

Tragically, most people of my generation will remember Baker for her 1978 spoof recording of "You're The One That I Want" with Arthur Mullard - one of the last, and saddest, gasps of a career which began with her "overnight success" at the age of 50, after four decades of working the music halls. (There could be no more appropriate West End theatre for Fergusson's tribute than the Vaudeville.) Her stage persona of the small

Theatre/Ian Shuttleworth

Oldtimer back on the boards

but mouthy Northern woman - the miniature forebear of Les Dawson's Ada - was a fixture of stage and small screen during the 1950s and '60s, with her gossipy innuendoes and the trademark slips of the tongue which lead Fergusson's Hylda to remark here, "I'm sick of hearing about that flamin' Mrs. Malaprop woman - I thought them up long before she did!"

Yet Baker seems to have been a deeply unpleasant person off the stage: arrogant, despotic, driven (according to Fergusson's

script) by a desperate, angry need to compensate for the absence of affection in her personal life. She is also terrified that any lapse of memory may be a symptom of the same decline into dementia that her beloved father suffered - which, indeed, is the case; Baker died in 1988, suffering from what Fergusson has her call "Oldtimer's Disease".

The distinctly un-Baker-shaped actress transforms herself into the 4ft 11in comic, not least with the help of a subtly oversized set. Fergusson's script also

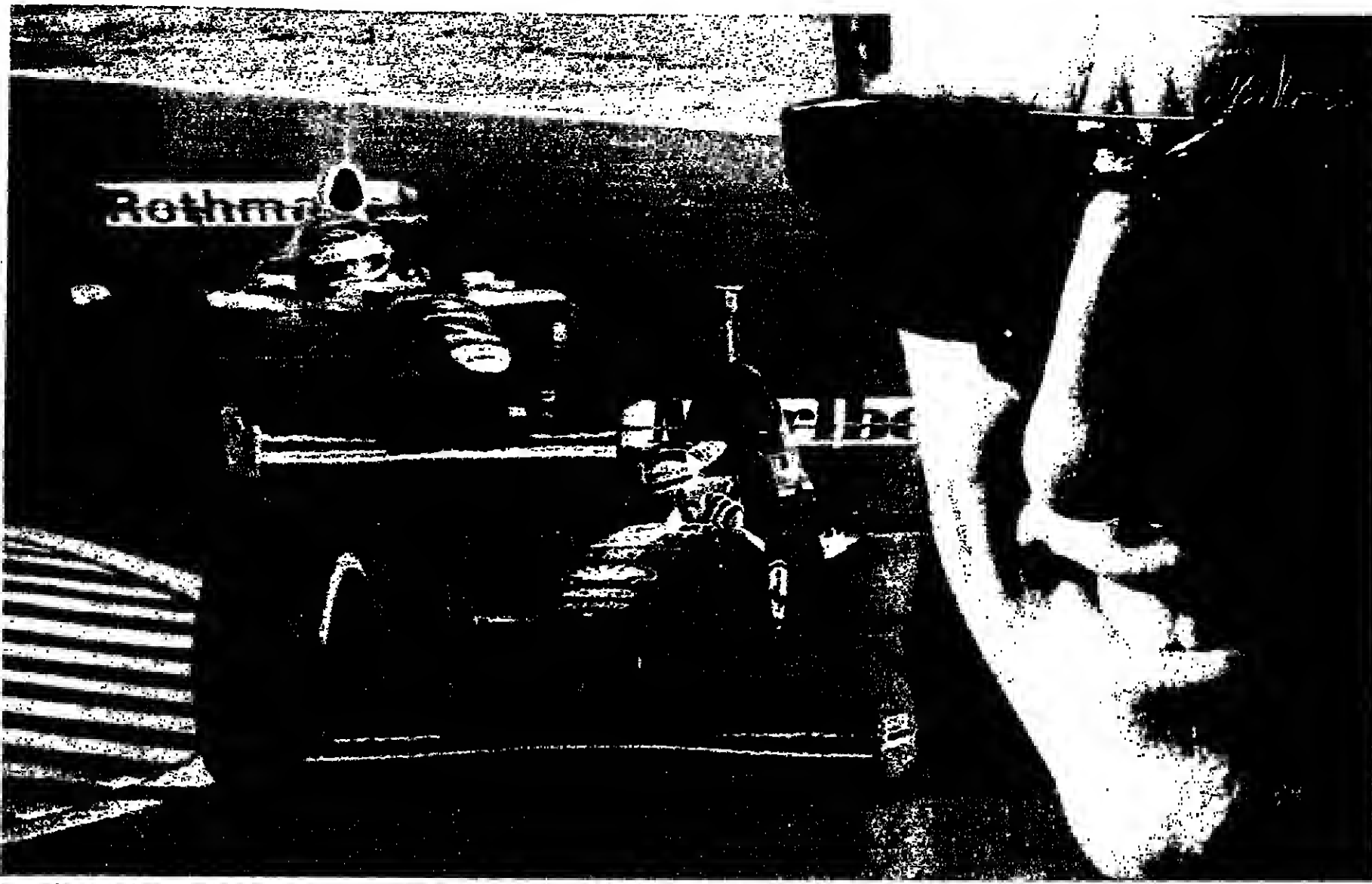
engages in a degree of sentimentalising, but this only careers out of control at the end as Baker shimmies on in a spangly dress for a final chorus of "I Wish You Love" before taking her place among the stars in heaven. For the most part, though, the graver psychological motifs are laid out with care; and Baker always seems ready, even at her grimmest, to unleash a comic missile from her considerable arsenal. The sizeable chunks of her act which we see after the interval are the heart of "She Knows You Know!": they show a woman who only really came alive in front of an audience, and who summed up her life: "I fought through two world wars... well, I fought more than that, but I lived through two world wars."

Vaudeville Theatre, London WC2 (0171 836 9987).

Company

I have been thinking about the company I work for, and how it has changed over the years. It was a small, family-run business when I first joined, and it has grown into a large, multi-national corporation. The challenges have been different, but the spirit of the company remains the same. We are committed to excellence and to the well-being of our employees. It is a privilege to work for such a dynamic and forward-thinking organization.

Since the day I started, I have learned a great deal about the company and its values. The support and guidance I have received from my colleagues and superiors has been invaluable. I am proud to be part of a team that is dedicated to achieving the highest standards of performance. The company's commitment to innovation and growth is inspiring, and I am excited about the future prospects. I believe that the company's success is a testament to the hard work and dedication of all its employees.



Luca di Montezemolo will not be at Jerez for tomorrow's final. 'My heart might not stand it,' he says. Ferrari's Schumacher leads Renault's Villeneuve by one point

Motor racing

Ferrari's cool confidence ... from next year

Company president Luca di Montezemolo sees a changed future for Formula One, finds John Griffiths

If Luca di Montezemolo is right - and he sounds very confident indeed - everyone except Ferrari might as well not bother to turn up for the 17 rounds of the 1998 Formula One motor racing world championship. Next year, for the first time in two decades, the cars of Ferrari - of which di Montezemolo is president - will be fully competitive, he insists. In the lead driver's seat, as this year, will be Michael Schumacher. Need anything else be said, asks the man who shares his 50th birthday this year with that of Ferrari itself, and whose past five years have been spent hauling Italy's motor racing from a pit of mediocrity.

For all his confidence about 1998, di Montezemolo will not, however, be at Jerez tomorrow for what he describes as this season's "unexpected" final showdown between, in the blue Rothmans-Williams-Renault corner, Canadian Jacques Villeneuve, and Schumacher in Ferrari's red. Instead, as he so often does, di Montezemolo will watch at his home in Bologna - "for this race, I think, my heart might not stand it".

Not only di Montezemolo's nerves are jangling. Because in the last race he committed one of motor racing's most heinous sins, overtaking under the yellow flag warning of an accident ahead, Villeneuve goes into tomorrow's race having slipped one point behind Schumacher in the world championship. Thus Schumacher does not have to come first; just cross the line ahead of the erratic young Canadian who, armed with indisputably the best car on the grid, has signally failed to make full use of his asset.

There is, however, a darker scenario - and one which Schumacher is pledged to avoid. Schumacher

could win his third world title if neither he nor Villeneuve crosses the finish line as a result of collision. Such a coming-together cost Britain's Damon Hill the title three years ago in Australia, although Schumacher has always insisted the incident was accidental. "I want this year's championship to be decided on the racetrack, not in a court in Paris or in a collision," Schumacher said this week.

Even if Villeneuve is the victor tomorrow, di Montezemolo, who was Ferrari's team manager in the 1970s before moving to other activities such as organising Italy's 1990 soccer World Cup, insists he will not be too disappointed. "To be sure, if we win I will be the happiest man in the world. But six months ago, if you had said to me, you will challenge for victory in the last race, I would not have believed it. My official objective for this year was just to win one more race than the three we won last year. I still think tomorrow's race will be very difficult, and there is no doubt that Williams has the best car. But we have a 50-50 chance, and if we don't win I am very confident about our prospects for next year."

The retention of Schumacher, di Montezemolo readily acknowledges, is pivotal to Ferrari's new-found confidence. "He costs as much for one person as we used to pay for two. But I think it is still a good deal. What is also important is that we now have the right organisation, with all the right people in the right places."

As of the past few months, the "right people" include technical director Ross Brawn and designer Gerry Byrne, the men who brought Schumacher and his former employer Benetton two world championships. "For many years they [Williams

and team] have been on the top. This means they can improve the car every year without being obliged to do big steps. But when, like Ferrari in the past four years, you're obliged to do big steps it's easy to make mistakes and, for sure, it's easy to lose reliability. We have started almost from zero since 1993. But since then we have heavily increased our performance and I am convinced that from next year we will have a car like Williams."

Di Montezemolo, who has also been responsible for increasing

'I would like so much to see a return to national racing colours'

Ferrari road car sales by 50 per cent over the same period, is resentful of suggestions that Ferrari's 20-year failure to win the world drivers' championship is all the worse for having spent much more money on Formula One than other teams. "Of course we spend more - for the simple reason that we are competing with the whole car."

In a direct challenge to rival car makers such as Renault, which have relied on specialist teams like Williams for its grand prix victories, di Montezemolo says it is time for more manufacturers to enter the fray wholly on their own merits - "there should be two car mak-

ers at least competing with the whole car, like Ferrari, and not just engines for a team".

It has been suggested that some manufacturers wish to do this but are deterred by the enormous power wielded over the Formula One scene by its promoter and FIA vice-president, Bernie Ecclestone.

While strongly supporting Ecclestone's proposed stock market flotation of F1, which he thinks will make its activities more transparent, di Montezemolo suggests the perception is a wrong one. "I sometimes think people in their minds give Ecclestone a bigger role than he actually has. If Honda, for example, wanted to come back with an entire car I don't think he would be able to stop them, because everybody would welcome them."

"From one side, I think it's very important for manufacturers to be involved and to supply their engines; on the other, I don't want to see it become just an engine manufacturer's championship. I am a little bit too romantic in this way. I have a big respect for Williams. But then I don't like to see a team where one year they win with BMW, then another they win with Porsche, then another they win with Honda."

"I remember the big battles when I was young: Porsche against Mercedes, Mercedes against Auto Union - that was all fantastic. If, in two years' time, it's Williams-BMW, or Williams-Mercedes, or Williams-Honda - why? If the car makers are in Formula One, why not commit wholeheartedly?"

He has other areas of criticism. Even though he describes Formula One as the best racing formula in the world, under the current technical regulations, "it can sometimes be boring", he concedes. The problems are high-downforce aero-

dynamics and braking technology which makes overtaking almost impossible. He hopes changes due next year, to narrower cars and treaded tyres, will lead towards a solution.

"We cannot accept the possibility of overtaking only in the pits. Monza, where there was no overtaking at all, was one of the worst races I have ever seen in my life."

Technology which has appeared in F1 cars since 1990, he maintains, has destroyed a whole generation of new drivers.

"I will never forget coming back to Ferrari after 17 years. I saw [driver Jean] Alesi while testing and said 'how's the car?' and he said 'I don't know, I need to look at the computer'. The computer! Really, this should be a drivers' championship. The extreme use of electronics has been stopped now but it has resulted in a generation of drivers far, far less good than the previous ones. Before electronics, in any one year we had Prost, Senna, Mansell... four or five super drivers. Now we have many very good drivers - but apart from Schumacher, not top."

One fervent wish for Formula One even di Montezemolo does not expect to be realised. One reason, he thinks, for the popularity of Ferrari is that "it's the red car, synonymous with Italy all over the world. I would like so much to see a return to national racing colours."

"I remember the Lotus - the fantastic racing green Lotus. In a nice way it was the great race, England versus Italy. Why can we not have that again?" He will settle, however, for Ferrari returning to the pinnacle of Formula One the way it is.

"Our tifosi [Italy's fans] have got a lot of passion. They have waited for us for many years. Now we're back..."

Peking to Paris Motor Challenge

A race to the wine cellars

Richard Donkin reports from the final leg and witnesses revelry and good sportsmanship

If the Beijing to Paris motor challenge were ever converted into a board game, there would need to be a square marked "stopped for champagne, miss a turn". The luxury cars proved vulnerable to such distractions on the final leg in France.

When "Harrison", the FT-pink Rolls-Royce of John Stuttard, chairman of Coopers & Lybrand China, slowed to a halt just beyond Reims, it was not due to any mechanical failure but to the reluctance of its occupants to miss the opportunity for a little taster before stocking on on bottles for the finish.

Even this had much in common with the original Beijing to Paris race in 1907. Prince Borghese, who won the first event, was comfortably in the lead when he made a lengthy diversion north to St Petersburg for an unscheduled pitstop involving good food and drink.

This year, the final morning's drive was a formality for most as they approached Paris and the finishing line at Place de la Concorde. Of the 93 cars that started in Beijing 43 days earlier, 82 finished.

The Alps had sprung a late surprise with a heavy coating of snow on the hillsides. Sitting in the back of Lord Montagu's 1929 "Blower" Bentley was no joke. Among his foibles is an aversion to driving with the hood up. The sleet had turned to torrential rain before Doug Hill, his chief engineer, finally said enough was enough and pulled over.

Hill had been left with Lord Montagu's broken-down 1915 Prince Henry Vauxhall in China. "I was on my own, just me, the car and 90 oil patches when the rally moved on," he said.

Now he was back with a version of the Bentley that competed at Le Mans in 1930. I had been looking for a lift in Rimini after driving Lord Montagu for two days across Greece. His car had four seats. "Sorry," he said. "I just haven't room for you and the bags."

Fortified by a seven-course meal at Lake Garda, and only mildly miffed that the truffles were black and not white, noblesse felt able to oblige the next day as the Earl made room in the back.

Shamelessly, Lord Montagu contrived to get into Reims at the head of the pack to be greeted by flashbulbs and wild applause. Posting is part of the fun with old cars. The 1907 La France looked like an old racer but in fact La France only ever made five engines. "It's really a pastiche made to look the part," said Lord Montagu.

In some ways the whole event was a pastiche. It did not take the original route and most of the roads were

far better than in 1907 when, for much of the route, there were no roads at all. Some stretches, such as the rock-strewn track in Tibet down to Friendship Bridge and the border with Nepal, were undoubtedly tough. But it was the roads packed with public traffic that proved the most hazardous. A VW Beetle crashed into a bus killing both its occupants, and the crew of a Land Rover, dazzled by oncoming headlights, had a lucky escape when it rolled off the road.

In spite of the hazards, perhaps because of them, the challenge did manage to recapture some of the spirit and eccentricities of those early days of motor racing. Raymond Carr, at 77, the oldest driver in the race, had wanted to enter a 1909 Stanley Steamer and had to settle for a 1939 Ford Convertible. It was accompanied most of the way by his personal film crew, so Carr has a record for his grandchildren. David Bull took his

His car had four seats. 'Sorry,' he said. 'I just haven't room for you and the bags.'

mother-in-law along in the back seat of his Rover P5 coupé, which must have been something of a record. Its journey appeared to end over where a half shaft and rear wheel parted company and rolled off into the night as they approached Uerdingen in Germany. They could not find the part and, with just 36 hours and a few hundred miles to go, their chances of finishing looked hopeless.

David Drew, another Rover competitor, found a P5 owner in Germany and rang him around midnight. "He got out of bed, went out to his car, took off the part and had it flown over the next day. He didn't know who I was but he wanted to help."

There was sportsmanship, too. Philip Surtrees, whose 1942 Willys Jeep won the event, disclosed that when he had encountered

problems close to the end, it had been the second-placed driver Ted Thomas, in a Ford Club Coupé - the car with most to gain from the Jeep's misfortune - who had stopped and come to his aid.

The event was not cheap. Few who competed would have changed from £50,000. Yet some are now talking of recovering in Paris next spring to drive through the UK, Ireland and North America, thus completing a round the world trip.

Road Test

Alfa Romeo: no special skills needed

Strong emphasis in the latest model is placed on drivability, finds Stuart Marshall

Since the days of the well-loved Giulietta, Alfa Romeos have always gone well enough for driver and car to achieve an instant rapport. But nowadays all cars have satisfactory dynamics - a point Alfa Romeo concedes. So what special ingredients did Alfa Romeo feel were vital to keep its new 156 sports saloon ahead of the pack? Build quality, a quiet and comfortable ride and easy drivability headed the list.

Majoring on these qualities may surprise traditional Alfa Romeo owners, who may well feel their skills at the wheel are a cut above those of people who drive mass-produced family and fleet cars.

And if their Alfa Romeo became a little wilful when cornered fast on a bumpy road (Dustin Hoffman's Spider in *The Graduate* certainly did), it was put down to character - just like a Ferrari's crunchy gear shift.

The new 156, which is pitched against established favourites such as the BMW 3-Series and Audi A4, is as innocent of minor vices as the best schooled horse. "The car never refuses, is always prompt and responsive. Maximum stability is guaranteed so the driver is always in control,

regardless of his driving skill." The claim is Alfa Romeo's; the italics are mine. It is an acknowledgment that possession of a 156 is no longer a guarantee that the owner or user is an enthusiast, with above-average standards of car control.

For purely subjective reasons, business user-choosers may well decide to have a seductively stylish 156 next time instead of another Audi A4 or BMW 3-Series, even a Rover 800 or Ford Scorpio. They will discover the 156 not only takes very good care of them but that it is pure joy to drive. And they will also find that in build quality and finish, it approaches the best German standards. At first glance, the 156 could be taken for a coupé. A closer look reveals a pair of rear doors, with handles hidden in the quarter panels.

It is beautifully shaped. The front end, with a larger than



The Alfa Romeo 156: Italian elegance and near German standards

usual Alfa Romeo shield, slant-eyed head-lamps and drooping bonnet top, flows gracefully into the body sides with deliberately understated windows and then into a fashionably stubby tail. The body coloured bumpers will yield if struck, but the unprotected flanks look very vulnerable to careless door openers. Previous Alfa Romeo owners

will feel at home with the interior design. Speedometer and rev counter are plain circular dials, deeply recessed and angled towards the driver, as are the traditional clock, fuel gauge and radiator thermometer. The radio/tape player buttons are high enough not to need fumbling with; the air-conditioning controls are straightforward.

In a break with the past, the driving position of the 156 has not been designed for long-bodied, short-legged people whose knuckles almost drag on the ground. My long shanks slid comfortably under the reach- and height-adjustable steering wheel; the gear lever, angled towards the driver, fell easily to hand. The driving seat, also height-adjustable, provided a pleasing mix of comfort and support.

Mainland European buyers have a choice of four petrol engines - three twin spark, multi-valve, four-cylinder units of 1.6-litres, 1.8-litres and 2.0-litres capacity, and a 2.5-litre V6. Their outputs range from 120 to 190 horsepower.

Also offered are two turbo-diesels, a four-cylinder, 105 horsepower 1.9-litre and five-cylinder, 136 horsepower 2.4-litre. British sales begin early next year, with a probable price range of £16,750 to £22,500. At first, only the 1.8-litre and 2.0-litre twin spark 156s and the 2.5-litre V6 will be on offer. The turbo-diesels may follow later. I hope they do.

At the launch in Portugal of the 156 earlier this month, I had time only to drive a petrol V6 and a five-cylinder turbo-diesel. It would be difficult to say which I preferred. The V6, with its close ratio six-speed gearbox, was everything one expects an Alfa Romeo to be.

The engine sang musically when accelerating hard through the gears. It cruised as quietly on the motorway as a large executive saloon. On tightly curving, poorly surfaced country roads, it showed a sports car's élan without loss of comfort.

The 156 is the first car to feature diesel engines, jointly developed by Fiat Group and Bosch, with common rail direct injection. Ignore this opaque terminol-

ogy. It means that fuel is held in a reservoir at an exceedingly high pressure that does not vary with engine speed before being injected into the cylinders under electronic control.

The result is a pair of power units that perform as smoothly and almost as quietly as petrol engines but with economy that puts less sophisticated diesels in the shade.

The 2.4-litre diesel's maximum torque (pulling power) is greater than that of the petrol V6, is developed at less than half the engine speed, and the overall gearing is much higher. There can be no better recipe for easy, long-distance travel interrupted by fewer refuelling stops - the diesel should average 42mpg (8.7/100km) against the V6's 34.7mpg (11.4/100km).

A diesel Alfa Romeo may sound like a contradiction in terms. In reality, performance is sparkling, with pick-up in third and fourth gears so strong that overtaking is as safe as it is rapid. Standing start acceleration to 100kph/62mpg takes only 9.5 seconds.

As Alfa Romeo puts it: "Neither of these new turbo-diesels will induce wasteful longings for petrol engines." I say amen to that.

Martin Hoyle
All things
all men

H

ack
reds

How to Spend It

Fashion

Designer jeans war zone

The last frontier for denim – the top end of the market – is now crowded with designers releasing new collections, says Avril Groom

It would be interesting to know how many people in Britain between the ages of, say, six and 66 do not own a pair of jeans. The chances are that it would be a less unwieldy statistic than the number of those who do.

This global garment accounts for a market worth well over £1bn each year in Britain alone. It has embraced styles as diverse as the baggy, dusty work-wear worn by a navy with a bad case of bulimia's cleavage, and the skin-tight Levi 501s peeled off in a laundrette by the lithe Nick Kamen for a defining television moment of snakehipped sexiness. But in the 1990s, it has been taken for granted more than seen as a fashion icon.

This is about to change. Now fashion's great leveller is the subject of an odd paradox. The choice equally of prime ministers on holiday, and of street ragamuffins the world over, is increasingly prey to changes of status-seeking and snobism. In other words, designer jeans are rapidly becoming king of the heap.

With the world's high streets full of jeanseries and chain stores now supplying their own denim ranges, it seems reasonable to wonder if there is room in the market for more top-end competition, especially in an area where multinational names such as Armani and Calvin Klein have been dominant for years.

Yet designers are joining the bandwagon at an increasing rate – at least four so far this year, with the biggest and last, Polo Jeans by Ralph Lauren, recently arriving in the shops. Designers as diverse as Gianfranco Ferré, Helmut Lang and John Rocha also seem to feel the compulsion to add jeans to their portfolio.

The truth about jeans is that the market has been flat for some time, almost as if everyone who wants a pair of basic denims has them, and the interesting things in fashion are happening elsewhere. Yet the designer jeans area, while making up only 12.5 per cent of the mar-



Polo Jeans range by Ralph Lauren: the latest to join the bandwagon

ket, is booming – almost doubling its value over the past year, according to research by Taylor Nelson Fashion Trak.

The top end of the jeans-wear market is the new battleground. Success comes partly from tapping into new areas by targeting hip young customers, and partly by eroding the top end of the traditional jeans companies' share.

Designers introducing jeans ranges now are often those who innovate in their main collections and bring the same thinking to bear on jeans. If there is denim, it tends to include stretch or a soupçon of glitter, or it may

be classic fabric cut in a "bootleg" shape. Or the jeans may look conventional but be interpreted in nylon, PVC, moleskin or Bedford cord.

It has taken the traditional denim companies a surprisingly long time to follow this lead, so their market supremacy has become vulnerable. "The classic denim companies were not quick enough off the mark in responding to designers' new ideas," says Wrangler's Jenni Anderson. "They relied for too long on various cuts of straight denim, without seeing the possibilities of jeans as high

fashion. The young customer wants a funky jeans style for parties and may never buy ordinary denim."

Wrangler, which has introduced jeans in various high-tech fabrics, has been little affected because, says Anderson, "our prices are in the second rank, outside the designer jeans war zone".

But Levi's has seen an erosion, especially of its "flagship" 501s style. Levi's still accounts for nearly as big a percentage of sales as the whole designer jeans market, but that share has dropped by 2 per cent in the past year.

The better-off jeans customer, it seems, is as label-conscious as anyone else. In spite of the garment's association with protest movements and political correctness. Why pay nearly £60 for a straight jeans label, their argument runs, when for not much more you can have a status-symbol designer label emblazoned on your bottom?

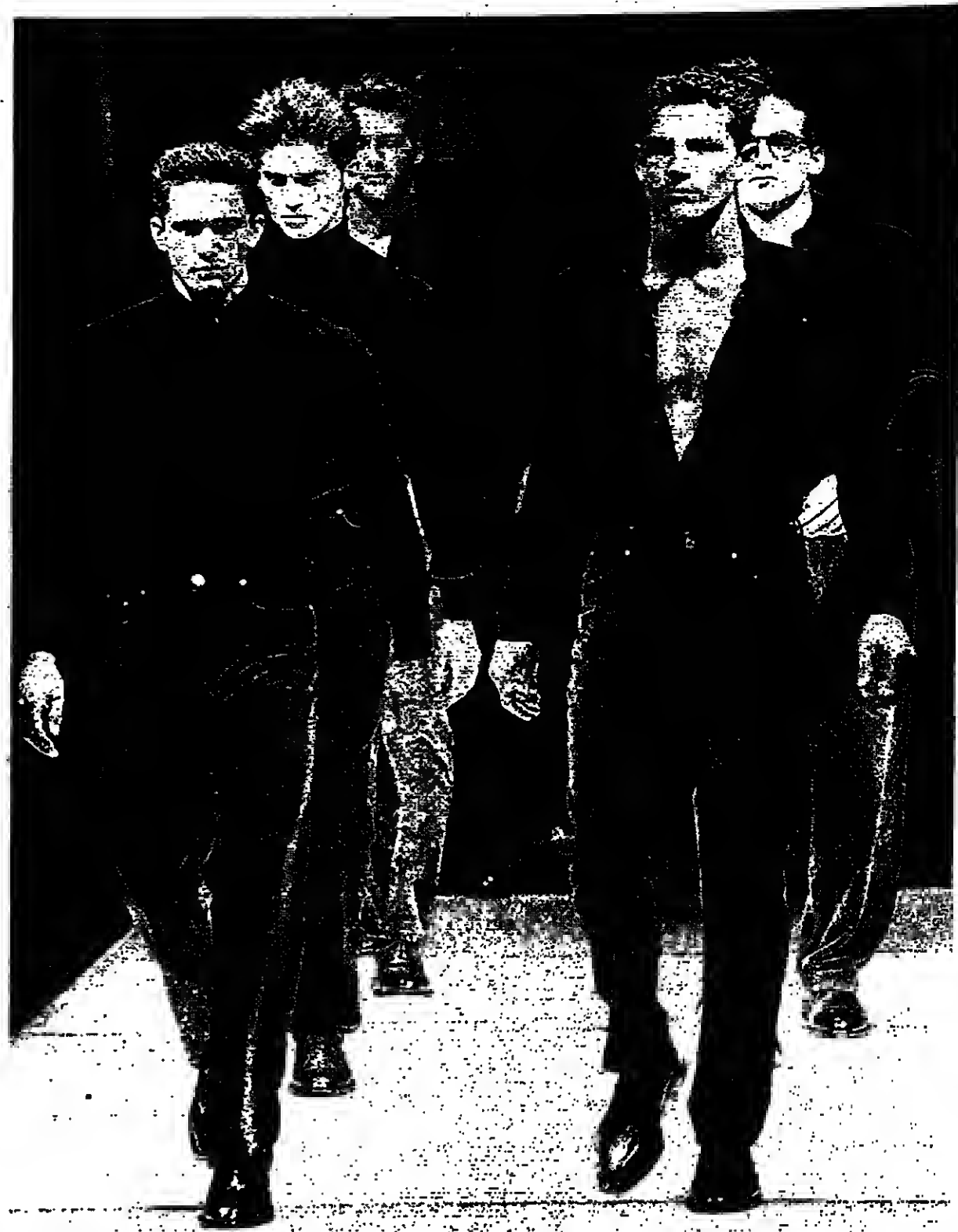
This seems to apply even though that label may be the only tangible difference between your jeans and the chain store version sold for half the price and possibly made in the same factory. Denim trousers can support only so many variations.

Directional designers try to bring a sense of cutting-edge modernity to a neglected area of fashion. For instance, Helmut Lang has long used oversized turn-ups on his flatteringly androgynous parallel-leg trousers, and these have become a sought-after feature of the jeans range he introduced last spring.

The high fashion jeans sell in different outlets from the usual high street denim stores. For example, Brown's stocks Lang's jeans in its moderately priced but very street-cred Focus shop, where plain high street denim does not get a look-in. Liberty has no jeans department, but contemporary fashion buyer Lynette White has introduced both Lang's and John Rocha's jeans (another 1997 debut).

"It's a double-pronged attack on the market," she says. "On the one hand, there are the established Lang or Rocha customers who buy the jeans to mix with main-range pieces and create a more casual style. Otherwise they would have bought elsewhere, wearing jeans perhaps from a mainstream denim label."

"On the other hand, there is the younger, more hip customer who cannot afford the



On parade: the Gianfranco Ferré autumn/winter '97-'98 jeans collection sparked a leap in orders



Classic denim from Wrangler: outside the war zone

main range but knows the Lang or Rocha name and buys into it with the jeans, to wear for clubbing or parties. White's analysis appears to be right. The jeans collection was almost sold out before the summer sales, so she increased her order for autumn and lined up even more for next summer. "The basic price on Lang's jeans then will be £60," she says. "For this autumn, in heavier

more mass market brands like Levi's, Pepe and Diesel. It is the dearer, contemporary designer area which is growing fastest and is predicted to make up 60 per cent of the store's jeans sales this autumn."

Irish designer John Rocha's jeans collection started only last spring, but will be in 200 outlets by this autumn. It has, says Rocha, "done better than expected, but there is plainly a big demand from a younger, less well-off customer whom I hope will eventually graduate to my main label. It's flattering that they want to buy my range when there is so much better-known competition, but we are a little more directional than the big brands."

Although Rocha is best known for his women's wear, the men's jeans sales are running at 20 per cent above the women's, probably encouraged by the fact that most of his advertising is done in hip, male-orientated magazines such as Arena and The Face.

His first mission is to make denim interesting following in the tradition of Jean-Paul Gaultier's denim corset-jacket of a decade ago – but, he says, "denim only makes up a quarter of the collection. We are using other innovations – nylon,

Tencel, new treatments for cotton – to create an exciting, casual wardrobe which also includes knits, coats and jackets, but which is immediately distinguishable from the main range. It has less structure, less luxurious fabrics and more basic details. I did wonder if it would detract from sales of the main range, but both have benefited."

This "knock-on" effect makes jeans attractive even for designers associated more with sophisticated luxury than the cutting-edge youth market. Gianfranco Ferré is known for grown-up tailoring, architectural lines and dramatic organza blouses, but his jeans range, launched last spring, has already been so successful that there was a 30 per cent increase in orders for this autumn.

More wide-ranging than Lang or Rocha's collections, it includes active sportswear, underwear and accessories. Although he describes it as "clothes for everyday living", one can only marvel at the everyday life of the Ferré customer who goes about in skin-tight experimental denim, shiny and metallic or washed and softened into a suede-like finish, or mixed with leather, velvet and jersey.

These are jeans with a "g" for glamour – and, like Christian Lacroix's dressy jeans range before it, they have a big market to exploit, albeit a different one from Rocha's youthful clubbers.

The Italian lifestyle group, which produces Ferré's

jeans, uses high-tech efficiency to keep prices reasonable. In the first season, the group effortlessly produced 300,000 pieces. Ferré has backed the range with £3bn-worth of advertising in glossy magazines.

Even in comparison with this success, the new Polo Jeans range by Ralph Lauren is the big one. It may seem strange that the designer who originally commercialised the whole jeans-based south-western States fashion culture should have waited this long for a full jeans range, but it took a big restructuring to bring it off.

Jeans were included in Lauren's moderately priced, casual Roughwear women's range, which has now been phased out, and in Polo for men. But Polo Jeans is a new idea, designed to provide the Lauren name at a more accessible price and to be sold not through his upmarket shops but via department stores and jeanseries in a direct attack on the Levi's/Calvin Klein market sector.

Already the main competitors among the classic denim firms are planning to fight back. This autumn, Levi's will launch revised dark denim in shapes from boot-cut to super-loose, street-style gear in fleece and nylon, and will revisit the 1980s with the cut of its White Tab range.

The designers may be winning the skirmish, but the jeans war could well still be escalating.

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How to Spend It



It's not just in the stores that ways of selling make-up are changing - these days there are upmarket mail order catalogues as well. All the products featured here - and lots, lots more - are available by mail from Beauty Quest, tel: 0541-505 000

Cosmetic make-over

The traditional beauty counter is under siege, says Lucia van der Post

The beauty counter, as we used to know it, was once the most visible piece of weaponry in the cosmetics war. Here, the competing brands battled for supremacy, measuring out their kingdoms with tape-measures (amour propre revolved round footage in the prestige stores). The members of the officer class, lined up behind the counters, were as regimented as any battalion, their uniforms of hygienically white coats, pledging fidelity only to their own.

No wonder those of us in search of relief for our wrinkles, our spots, our "tired" or "ageing" skin, found the whole business something of an ordeal.

If we wanted just a simple little pot of something we'd tried before we knew we would have to face a barrage of heavy talk from a "sales

person" with an impeccable manicure and frosty *maquillage* before we could seize our trophy and retreat. That things had to change was obvious - the wonder is that it took so long. These days what Estée Lauder calls "access units", what Clinique calls "open service" and what you and I might call self-service, is on its way to a store near you.

The way in which buying and selling top-of-the-line cosmetics is changing faster than almost any other form of retailing has been forced by the new, demanding customer.

It was the arrival of the make-up artist's brands five or six years ago that first started the big shake-up in the industry - they seized the creative high ground and sold their wares in informal, fun, unthreatening ways. Customers could play around with pots and potions, try the lipsticks and

use the testers. The results were plain to see - long lines queuing up to finger Shu Uemura's single block colours, to play around with M.A.C.'s lipsticks and eye-shadows, fighting over Bob

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Nameless but not homeless

Long-time fans of Muji may well remember the great excitement when it first arrived in the UK. At the time - 1991 - it was a radical concept. Just when the whole country seemed booked on designer labels along came this strange new notion from Japan, the country whose devotion to designer labels at that time was legendary, of the "look-no-label" collection.

It had first come upon it in a small shop in Tokyo, and was enchanted by the possibilities of buying at such reasonable prices clothing with a little bit of ethnic simplicity about it.

From the beginning it was a success. Those first shops, the product of a joint venture between Ryohin Keikan and Liberty, were a bit from the start.

The public liked the pared-down air, the sense of sophisticated simplicity, the notion that what you were

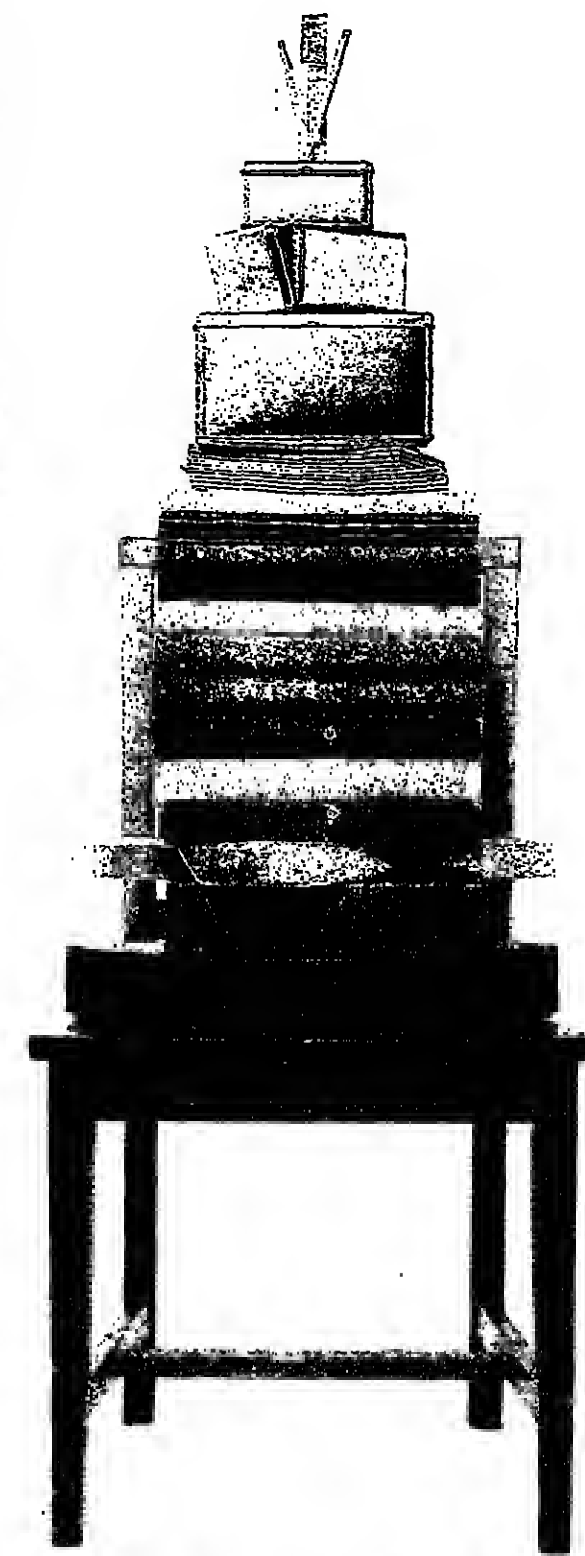
Fans will now be able to buy larger items the smaller stores did not carry

paying for was inherent quality without the inessential frills. Much play was made of the fact that everything in the shop was what people needed - as opposed to things they just wanted. Clothes were clothes to be worn, not to adorn. A bit austere, almost monastic it seemed, but it chimed with the mood of the times.

The furniture, of course, was Muji ("no name" in Japanese) is redefining its role. It has (amicably) separated itself from the partnership with Liberty and is embarked on a course of expansion.

The first evidence is the new and larger Muji (double the size of any of the existing stores) that has opened in London's Oxford Street (at No 187) - which means the shop can stock a bigger range of different things. Muji fans will now be able to buy the larger household items that the smaller stores were never able to carry - in particular, the furniture.

The furniture, of course, bears all the hallmarks of the Muji style - spare, with an air of industrial functionalism (which visitors to the 100% Design exhibition will appreciate is currently much in vogue), streamlined and entirely fuss-free, it comes at good prices. A low table with a laminated surface and solid beech legs (85cm by 60cm by 40cm) sells for £225, while a six-drawer unit made from veneered MDF is £275.



A selection of products from Muji's London stores: Covent Garden, Soho, Chelsea and Kensington, and now Oxford Street

Don't look to Muji for sheer beauty, for the decorative pieces that most houses need, but go to it for the home office shelving and practical storage. As always, the storage boxes and the stationery are among the most desirable products. The stationery is effortlessly stylish, admirably unembellished with posh logos or expensive decoration - tan leather organisers cost £45 for the standard size and £35 for the mini - while sleek pens and pencils range between £5.50 and £14.95.

At any given time there are about 2,500 different

L.v.d.p.

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Philippa Davenport searches for the gourmet's holy grail – the thrilling scent and lingering aftertaste of the white truffle

Strictly speaking the dog is the hunter: man is merely

confirms the symbiosis between truffle and tree



There, I am taught about quality and hear about unscrupulous caterers who seek out the palest fleshed

entially in shallow tray-like refrigerated drawers, lined with soft handkerchief material to cradle the gems in a single layer. They are graded and labelled with provenance details. Each is kept a

Scent is strongest when fully mature and freshly harvested. Bonino reckons pale willow truffles have the sweetest, most delicate aroma and are generally more prized than darker, sharper scented oak grown specimens.

white. Sometimes it is the color and texture of nut milk. Oak-aged truffles can look more like milk chocolate. When fresh, the flesh should fall cleanly from a purpose-designed cutter in whole neat flakes. If you can afford a truffle, you ought to invest in a truffle cutter, too.

To judge the best of a group, Bonino smells two truffles, puts down the less good one and compares the one he retains with another. I enuff greedily until he passes me a truffle with a soft spot. Small soft spots should be cut out as soon as noticed, he advises: the truffle is still good but best eaten soon. Overall sponginess signals a truffle in decline, and that prompts:

The potent yeast aroma turns bitter as a truffle grows old. Eventually it

When I visited the kitchens of SACLIA in Asti last autumn, I watched a group of women prepare a local speciality. Salt anchovies were carefully flitted by hand, interwoven with slivers of white truffle, packed in astali jars and filled with olive oil.

This culinary creation is traditionally laid out on chunks of good bread, nibbled with pre-grated drinks, or slipped under scrambled eggs or buttered toast.

Truffled anchovies are not part of SACLIA's commercial range. They are only prepared in very small quantities for a private list of recipients each Christmas, which this year will include 25 FT readers in the UK.

If you would like to sample the product, send your name and address on a postcard to SACLIA UK (truffled anchovies), Park House, High Street, Coltrough, Barkeleysburg, PA 15006. A free taster pack will take place on November 30 and jars will be despatched shortly afterwards to the first 25 readers in Britain whose names are drawn from a hat.

- London: Aesop's Wc; Barton's WC2; Celebration des Arts W1; Coast W1; Dolphin's SW5; Monte's Club SW1; Pied a Terre W1; Totem SW3
- Alderley Edge, Cheshire: Alderley Edge Hotel
- Edinburgh: Balmoral Hotel; Restaurants Silvio
- Glasgow: Fendall Saff; One Devonshire Gardens
- Llanark: Restaurant La Vigna
- Loch Lomond: Cameron House Hotel
- Manchester: Isle Bella
- Romsey, Hants: The Old Manor House
- St Anne's Blackpool: Portofino
- Winslow, Cheshire: Beltry Hotel

Truffles are potent and addictive white magic. I hope they remain wild and a seasonal luxury. It would be sad if they were debased, as strawberries and peas have been.

or your usual Financial Times representative
FT Surveys

However, in spite of a buoyant market, success is not guaranteed. When Cindy Pawlcyn and her partners in the successful Real Restaurants Group decided to move their style of California

The cause, if not the explanation, was that MPW had served 140 customers during lunch. White has infused the chef, talented, peripatetic Gary Hollthead, and the kitchen staff with honourable intentions.

The menu offers a wide range of predominantly French classic dishes (one of which, *pajarski* of salmon, an up-market fishcake, my colleague had not seen on a menu for at least 10 years), at reasonable prices. But the

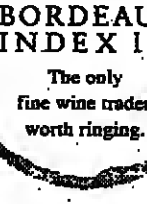
and proved far more enjoyable than the smoked haddock Monte Carlo and calves liver a l'anglaise which followed - after a considerable *longueur*.

The pleasure of sitting outside Zinc on almost pedestrianised Haddon Street on a bright sunny day proved transitory. We had just ordered our drinks as a truck crammed with scaffolding arrived to our left, while to our right came the joyful noise of hammers, saws and drills working on what will soon be a theme pub.

Prototypes these restaurants may be, but if they are to succeed and reproduce there has to be more attention to detail - and, in the case of Zinc, an infusion of culinary imagination.

■ MPW, Cabot Place, Canary Wharf, London E14
 Tel: 0171-513 0513.

■ Zinc Grill and Bar, 21 Haddon Street, London W1R.
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Wax the skis, get out the boots — another season beckons

So what can we look forward to in the Alps this winter? A still-strong pound — worth around ASch20, and almost FF10 again — coupled with the afterglow of last year's buoyant season may produce another vintage year for skiing, so long as the elements keep up the good work and deliver plentiful snow in the Alps for the third year running. With prices sometimes lower than last season, bookings are expected to be healthy.

Italy's phenomenal boom may slow a little. A huge increase in demand has inevitably forced up prices. And although the lira is still weak, the relative strength of sterling has now improved value in Austria and France.

Crystal Holidays, the brand leaders in Britain, suggest that the "huge gains in the value of the pound have effectively turned the clock back five years in terms of spending power".

All that remains is deciding where to ski.

A number of main French

Easier access to resorts, extra chairlifts, free passes for children, candlelit dinners in a mountain-top restaurant, the chance to follow in the footsteps of some of Hollywood's greatest stars... in the next five pages FT writers preview what's on offer this winter. Arnie Wilson sets Europe's promising scene

resorts — the Trois Vallées, Les Arcs, La Plagne, and Val d'Isère-Tignes — are now available more or less direct from London by rail: a new Eurostar service from Waterloo serving Moutiers and Bourg St Maurice will leave on Saturday mornings at 7.53.

In Austria, Kitzbühel has scrapped its outdated Hahnenkamm cable car and replaced it with a six-person gondola, doing away with at least some of the dreadful queuing problems. One of its innovations is an intriguing role reversal for the Hahnenkamm's much-feared downhill, the Streif: twice a week, holiday-makers will be able to ride the Hahnenkammbahn to the Hoch-Kitzbühel restaurant for a candlelit dinner.

Kitzbühel is also offering a new Kitzbüheler Alpen Ski Pass which

covers 262 lifts and cable cars, and 720km of pistes as far afield as Söll, Alpbach and the Wildschönau areas. It is a six-day pass but does not have to be used all at once. You can choose any six days during the entire winter.

At Lech, Austria's other gold-plated resort, the Rofkopf cable-car will open every Thursday to take guests to a mountain casino, said to be the highest in the Alps. There is one snag. If you win, you will only receive vouchers to be spent in local restaurants, cafes and bars. However, the profits will go to a good cause: disabled skiers.

Hintertrommler has replaced its Rettekogel chairlift with a cable-car-gondola. Nauders is offering a free lift pass for people booking at least three nights during the week before December 20, and

at Sölden children under eight will get free passes.

In France, children can once again stay and ski free for Christmas week and between Saturday January 3 and January 24 for a maximum of two children under 10 accompanied by two adults of the same family who pay the full price.

The Swiss resorts of Zermatt, Verbier and Adelboden have reductions on children's lift passes, too. In Zermatt, children under nine ski free, and those between 10 and 18 qualify for a 50 per cent reduction. At Crans Montana, a new funicular will link Siere with Moutana.

A number of resorts have installed six-seater chairs: in Austria — Galtür (which now officially claims to have the purest air in the country), Brixen and Serfaus.

and, in France — La Plagne, which has replaced two drag-lifts above Champagny with six-seaters. Tignes has installed one between Val Claret and the Col de Fresse, which will improve access to Val d'Isère.

In Italy, the ancient gondola from the bottom of Valtour-nenche, near Cervinia, is being replaced, and in the Selva region of the Dolomites, two new lifts are going in which will speed up the traffic on the Sella Ronda circuit. Another old gondola, at Flims, Switzerland, is also being replaced, and in St Moritz — which has already installed a number of six-seater lifts — the first stage of the cable car at Corvatsch is being replaced by a much bigger one, which should ease queuing problems considerably.

Other Swiss cable car/gondola

switches include the access gondola to Roc d'Orsay at Villars, and in Zermatt a 150-person cable car has replaced the 80-person version between Blauhard and Unterrothorn.

One way to ponder where to ski is to read the books: *Where To Ski* — and its rival the *Good Skiing Guide*, which once again provides a useful list of French school holiday dates to avoid. December 20 to January 5 may seem obvious, but how about February 4-18 and April 2-16 (Grenoble, Lyon, Toulouse) and February 11-25, April 9-23 (Paris)?

Neither pulls many punches, but what has happened to *Where To Ski*'s daring "And finally" section this year? The section on "hideous villages" (Plaine, Les Menuires, La Plagne, Sierra Nevada and Tignes) has disappeared. And all that seems to have survived from the "insufferable queues" section (Argentière, Avoriaz, Kitzbühel, Mayrhofen, Verbier) is: "Don't worry, the queues at Tartin will be as bad as ever."

update

□ AIMEZ-VOUS BRAMES? Descent Ski (01256-898231) claims Châlet Brames, Méribel, is one of the most luxurious ski chalets ever built: sleeps 18 in en-suite bedrooms, outdoor jacuzzi, personal housekeeper, two chefs, ski guide and a 4 x 4 with chauffeur at your disposal; 600km of piste, too.

□ BELL WEATHER: Teenagers can improve their skiing with Martin Bell, No 1 UK skier for nine years. Powder Byrme (0181-871 3300) tailor-made skiing holidays in Grindelwald (December 28-January 4) and Zermatt (March 29-April 12) include Martin Bell ski camps for 12 to 17 year olds, able to ski red runs; crèches and learner clubs for younger children.

□ TELL YOU WHAT... Telluride, high in Colorado, claims to be "the most beautiful place you'll ever ski". Scandinavian miners in the old days used to ski home after a day's work, but when the gold ran out Telluride became a ghost town. Now the ski resort is celebrating its 25th anniversary. Information from PO Box 11155, Telluride, Colorado 81435, or on the web at www.telski.com/pr

□ CHALEY STAY: The Ski Club of Great Britain has issued a guide to chalets in Europe and the US. Its 86 colour pages provide maps, prices and other information about more than 100 catered and self-catering chalets in 32 resorts, and operator contact details. Free of charge on 0897-501300.

□ QUICK QUICK SNOW: You don't have to spend a fortnight on the slopes: White Roc will provide you with a skiing "weekend" — it can start any day you like and last as long as you like — from London via Geneva or Zurich. Or try a Learn to Snowboard weekend. Call 0171-792 1188.

John Westbrooke

Courchevel

Capital of the valleys

Courchevel is the undisputed capital of what is claimed to be the largest ski area in the world, the Trois Vallées — four valleys, now, with the addition of the Maurienne, although the name will not change.

Even if you skied the vertical equivalent of an Everest every day for a fortnight, you would fall to complete the 375 miles the valleys have to offer.

This extraordinary region — which we tend to take for granted because, like Everest, it is there — has 207 lifts (including two huge cable-cars) 1,340 snow cannons, 30 easy runs, 170 medium runs and 30 difficult runs.

These include Courchevel's three celebrated couloirs, the Grand, Sous Péribérique and Emile Allais which, unusually for couloirs, are actually on the piste map. These look more difficult than they are, but they are still challenging and, in the wrong conditions, dangerous. Do not let the fact they are marked runs lull you into a false sense of security.

It is almost certainly those 170 medium runs which make the Trois Vallées so incredibly popular with the majority of skiers: the inter-

mediates. There are actually three — or even four — Courchevels, all with numerical suffixes based on their altitude. Courchevel 1850 is the fashionable, world-renowned and expensive one, where well-heeled skiers — Valéry Giscard d'Estaing, the former French president was a good example — often arrive at the small airport direct from Paris.

Today the price of a helicopter from Geneva or Lyon is about FF8,450 (about \$885) for up to five people. The journey by taxi would cost about FF1,500 (£157).

Fortunately for skiers with tighter budgets, there are more conventional forms of transport. There is also Courchevel 1650, less fashionable, but within fairly easy reach of 1850, Courchevel 1550, and Le Praz, often labelled Courchevel 1300. La Tania, built especially for the 1992 Olympics, is around the corner from Le Praz at 1,350ft.

Courchevel, unlike most French ski resorts, started life just after the war, and has already reinvented itself: thanks to government grants, many of the concrete buildings were given sloping roofs and wooden cladding to make the resort look pret-

tier for the 1992 Olympics. It is, however, still no great beauty, although Le Praz has a genuinely rustic ambience and some excellent restaurants.

There is so much skiing in Courchevel itself that there is really no need to seek out more elsewhere in the Trois Vallées, such as Méribel, Les Menuires or Val Thorens, Europe's highest ski resort. But skiers love to explore, and there is something very satisfying about setting off early and reaching the farthest point from home before grabbing a quick lunch and heading back. Thanks to the advent of high-speed lifts, reasonably experienced skiers should be able to ski from Courchevel to Val Thorens and even beyond into the recently developed fourth valley and get back in time for tea. But do leave plenty of time for your

return, or you may have to resort to an expensive taxi ride.

Once the exclusive haunt of well-heeled "bon chic, bon genre" Parisian skiers, and variously referred to as Paris on ice, or the 21st arrondissement, the resort has long since become an international destination — but the guests and the pistes, as ever, are still beautifully groomed.

Recently there has been a big influx of wealthy Russian skiers. There is plenty for them to spend their money on: the resort has nine four-star hotels, such as the stylish Byllos de Neiges, a dozen and a half three-star properties, and a good number of boutiques, jewellers and night-clubs. In some ways it is still a microcosm of the French capital.

Yes, Courchevel 1850 is expensive, but you can escape to cheaper parts of this enormous linked system. Or do it the other way round: stay somewhere cheaper and visit Courchevel.

The latest *Where To Ski and Snowboard Guide* has devised a useful at-a-glance system for working out which resorts are expensive and which less so, which makes for a fascinating

insight into a huge area such as the Three Vallées, with so many satellites. The scale, based on six symbolic coins, ranges from one (very cheap) to six (very expensive). It is based on a combination of the price of your holiday package (flight, half-board accommodation and lift pass) and meals on the mountain.

Inevitably, Courchevel and its neighbour Méribel both get the six-coin rating. But Val Thorens, at the far end of the Trois Vallées, gets five, and both Les Menuires and Saint-Martin-de-Belleville, the attractive old village nearby, score four.

It may seem obvious, but it clearly pays not to stay — or even eat — in Courchevel or Méribel if you are on a tight budget. The entire network of skiing is still available if you base yourself at Val Thorens, Les Menuires or St Martin.

I must own up to being a pampered guest of FlexiSki at The Lodge, its luxurious chalet hotel close to the piste in the Nogent area of Courchevel. Definitely a six-coin rating.

Arnie Wilson
FlexiSki: Crogen Stables, Crogen, Denbighshire, LL21 0SY. Tel: 0171-352 0044.

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PINK SNOW

North America

US and Canada in hot competition

More Britons are being lured to big-spending US and Canadian resorts. Arnie Wilson reports

Canada, lurking in the shadow of top US resorts, has proved irresistible, finally. Just as Aspen, Vail and Breckenridge were emerging into the warmth of a successful marketing campaign to lure European skiers to Colorado, they have had to watch Whistler and Lake Louise creep into the lead.

It is partly the money and partly the view. Canada, with a comparatively weak dollar, is an attractive prospect when ranged against some of the more expensive Alpine destinations, in spite of the cost of the air fare.

When the Canadians first reported that an estimated 30,000 British skiers were visiting the Canadian Rockies, it was dismissed in certain circles as hype. But now the figures are being accepted, even in the US, where intense marketing efforts, which really started in the late 1980s when there was a run of poor snow years in the Alps, paved the way for the Canadian charge.

It is money talking. And scenery. Canada is cheaper than the US. It is also more beautiful. Although its mountains are not as high, they start a lot lower, giving an impression of colossal grandeur rarely found in the higher American Rockies.

It is an odd business. Canada is a simpler concept to sell because, unlike the US, which has a proliferation of resorts in Colorado, Utah, California and New England, there are virtually only two big Canadian resorts in people's minds: Whistler and Lake Louise. Airlines fly direct to Calgary or Vancouver - and that is that. In the US it is hugely complex, with an assortment of carriers disgorging skiers at all kinds of hubs because, until this year's reintroduction of charters, there were no direct flights to Denver, the nation's ski capital.

The US, which attracts roughly 30,000 British skiers, is fighting back with a lively programme of big improvements and a frenzy of

resorts changing hands. Jackson Hole aficionados will be in for some surprises if they visit this resort in coming seasons. America's most gung-ho ski area is being dragged into the next millennium. It will cost \$50m - but not everyone is necessarily going to like it.

When a funky, far-out, characterful ski resort changes hands, or is merely modernised, there are bound to be protests. It happened on a much smaller scale when Little Nell's, the ramshackle but trendy breakfast and après-ski rendezvous in Aspen, was pulled down to make way for a stylish hotel. In a sense you cannot win.

'There are a lot of egos involved, trying to impress the skiing public'

With Canada nosing ahead of the US as the most popular North American destination for European skiers, Jackson is not the only resort trying to make sure it stays ahead of the game. It is a predatory market: US ski resorts are changing hands and being modernised at a bewildering pace.

Ski resorts in the US are now dominated by a handful of key players.

Hardly have we got used to Vail gobbling up its Colorado neighbours, Breckenridge and Keystone, and having enough cash left over to spend \$50m on a facelift for its own mountain - than there is news that the American Skiing Company, which already owns six resorts in New England, has purchased its own Colorado resort, Steamboat, and bought one of California's top ski areas, Heavenly, for a total of \$398m. It has also pur-

chased Wolf Mountain, Utah, formerly Park West, and renamed it The Canyons. The ASC is now the largest ski area owner in the country.

Intrawest, the Canadian ski conglomerate which snapped up Copper Mountain in Colorado now owns almost 10 resorts. Meanwhile, George Gillette, one-time owner of Vail, seems to have found a niche by leasing lesser-known resorts, particularly in California. His purchase of Jackson Hole's neighbour, Grand Targhee, brings his total to 11.

So what is behind all this buying and selling? Is it merely business acumen?

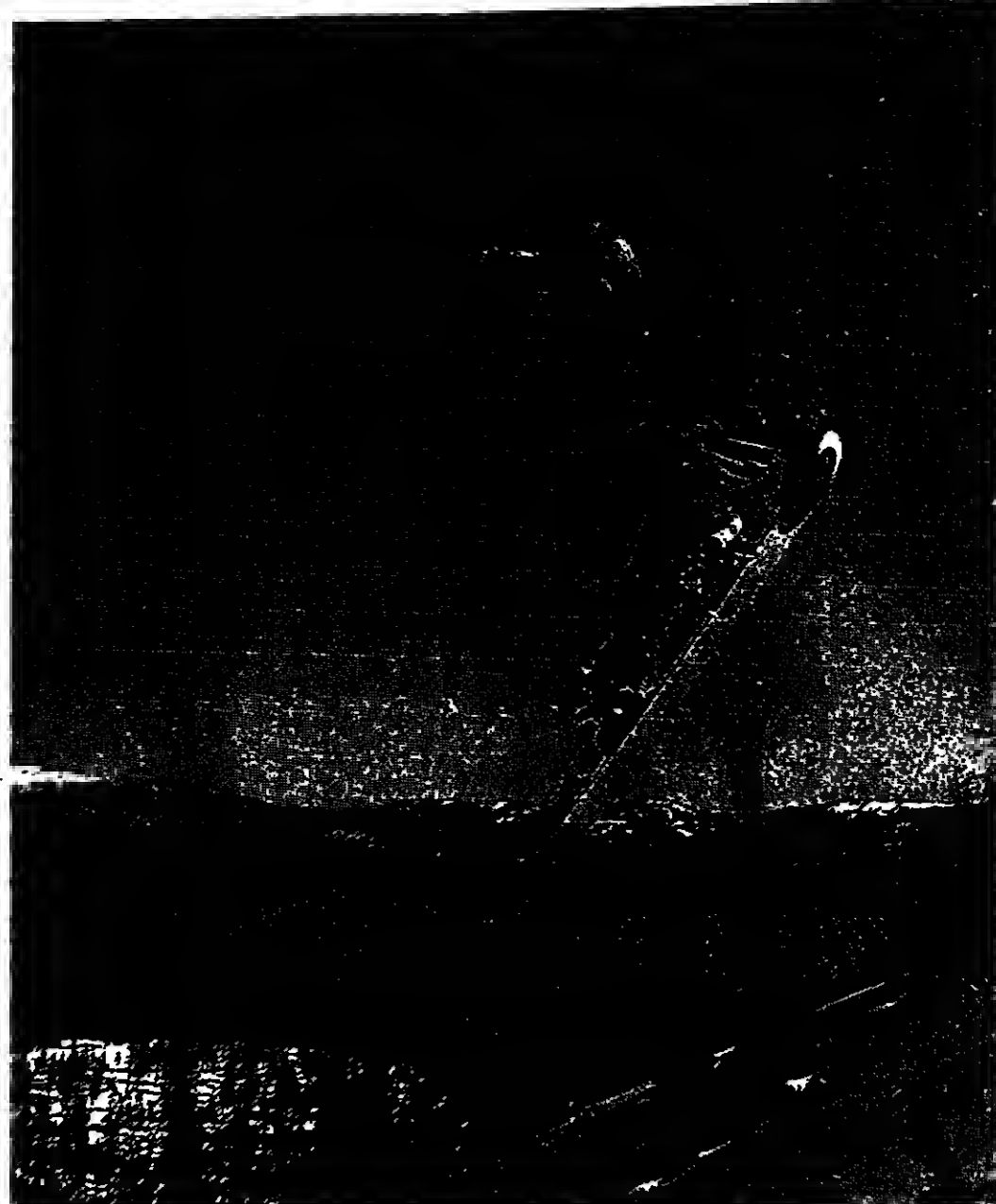
Bob Roberts, executive director of the California Ski Industry Association, says the situation is caused in part by an older generation of resort owners dying. However, there are exceptions. "It would seem that Dave McCoy at Mammoth, and Alex Cushing (Squaw Valley) are determined to control their resorts' destiny from the beyond if necessary."

Another senior source in the US ski industry tells me: "All these resorts being bought reflects a rather eccentric situation, and there are a lot of egos involved, trying to impress the skiing public. What worries me is where it is all leading. It is not tomorrow I'm worried about, but the day after tomorrow."

Most locals probably like Jackson just the way it is. Splendid though it may be, it has not, until now, moved sufficiently with the times. Jackson Hole falls into a difficult category - too small to compete with the big resorts of Colorado, such as Vail and Breckenridge, and too big to rest on its laurels and ignore progress.

It virtually has to behave like a major resort or be left behind and, like the dinosaurs, face extinction. Jackson is also comparatively remote, so passing trade scarcely exists.

"It is a road less travelled," admits Jackson's recently installed president, Jerry Blann,



Air time near Lake Tahoe: a vast and beautiful stretch of deep blue and very cold water

Steamboat-Colorado

the man over-seeing the biggest changes since the resort opened just over 30 years ago.

The purchase of Heavenly, for example, brings with it a big catchment area. Wyoming's population of under 500,000 is tiny compared, for example, with the 15m inhabitants of the greater Los Angeles basin alone. So destination skiers are crucial.

Jackson's management hopes that the renaissance planned in the next 20 years - \$14m this year - will dispel the myth that Jackson is the exclusive domain of skiers who are "advanced, experts and maniacs", an unjustified reputation which Jackson has been trying to live down for many years.

The project includes ripping out all the antiquated lifts in the

Apres Vous area, the resort's easier mountain, and replacing them with quads. Jackson will end up with seven quad chairs - four detachable.

There will also be a huge increase in snow-making, with plans to make snow on almost 400 acres. But the big news at Jackson this winter is the arrival, at long last, of the new Bridger gondola, which will take much of the pressure off the bright red tram (cable-car) which, for so long, has been the resort's only big people-mover. The new lift, reaching an area close to the Headwall, will be the focal point of a big new development which will transform the resort's base area.

At the top of the new lift, one of two new restaurants will pro-

vide diners with a ringside seat of Jackson's most feared and spectacular leap - Corbet's Couloir. With a capacity of 2,000 skiers an hour, the gondola will transport skiers 2,730 vertical feet in less than eight minutes, and access all existing and future lifts except one. Jackson Hole ski resort as we know it will in effect disappear - before it reaches dinosaur status.

Newly purchased Heavenly has also been given approval by the Tahoe Regional Planning Agency to go ahead with a proposed 20-year, \$90m improvement programme. This includes a new gondola, seven new lifts, including a six-person fast chair, two new on-mountain lodges, new trails and an extensive remodelling of the base area.

Heavenly's views are priceless. Lake Tahoe, a vast stretch of deep blue and very cold water, shimmering high in the mountains of California and laps across the Nevada state line. Heavenly, too, has trails in both states.

The so-called "Lake of the Sky", which so enthralled frontiersman Kit Carson when he first came upon it on Valentine's day, 1844, is ringed by 15 ski areas altogether, including the legendary Squaw Valley, scene of the 1960 winter Olympics. All are within striking distance of Heavenly.

According to Mark Twain, Tahoe was "a sea whose royal seclusion is guarded by a cordon of sentinel peaks that lift their frosty fronts 9,000ft above the level world". The air, he wrote, was "the air the angels breathe". At Heavenly, skiers can roam the high sierras, gaze at the magnificent lake and the Nevada desert, and then - should they have the energy or desire - gamble the night away in Las Vegas-style hotel-casinos.

Steamboat, an old cowboy town, is something of the odd resort out in Colorado. Out on a limb in the north-west of the state, a 3½-hour drive from Denver, it has no real link with any other ski area except Winter Park, with which it has a loose relationship as a twin-centre resort. It is famous for its so-called "champagne powder" and unusually good tree-skiing. Powder is something all US ski areas like to claim they have in abundance, but it really does seem to be a regular feature in Steamboat. Even more so in Grand Targhee, across the Tetons from Jackson Hole, Wyoming.

Unlike Heavenly or Steamboat, Grand Targhee is never likely to be a top destination resort, but it usually attracts Jackson's international clientele for at least one day of their ski holiday and has a big following with local skiers anxious to take advantage of the resort's exceptional snow. Targhee is famous for its deep powder, stunning views of the Tetons and cat-skiing.

Last April, riding the new Dreamcatcher high speed quad, Bobbie Foster, my guide, pointed out what appeared to be small pine trees near the summit. They were actually between 20ft and 30ft high, but only their uppermost branches were showing through the snow. "This year we've had 60in on the summit and 300in at the base," said Foster. "And it's all natural. We get snow from heaven, not from hoses."

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PINK SNOW

Sun Valley

A resort the stars like to call home

Arnie Schwarzenegger is just one actor who wants to keep his favourite resort the way it is – as Arnie Wilson finds out

In the 1930s, Americans who wanted decent, organised skiing had to go to Europe or make do with primitive places such as Woodstock, Vermont – the "rope tow capital of the world".

In those days it took a week just to cross the Atlantic. Averell Harriman, chairman of the Union Pacific Railroad, was inspired by a visit to St Moritz. He wanted to build his own resort. But where? In the end, the location was chosen by an Austrian count – and some cows.

Harriman decided to build a resort which would also provide his railroad with something it lacked: winter passengers. Tourist activity was then scarce during Rocky Mountain winters.

Someone recommended Count Friedrich Schaffgotsch, an experienced instructor from St Anton, as an expert who would help him choose the location. But wires became crossed, and Schaffgotsch's brother, Felix, turned up instead.

"Instead of the very qualified Count Friedrich, Harriman acquired the very sociable Count Felix," said Friedl Pfeiffer, an Austrian racer who helped pioneer skiing in the US. "Who would know the difference?"

So in November 1935, Schaffgotsch boarded the Union Pacific in Omaha and started his search. Dismissing, among others, Aspen and Jackson Hole – neither of which was then a ski resort – he finally plumped for Ketchum, an idyllic spot on the edge of Idaho's Sawtooth Range. The railroad had reached Hailey just two years before Ezra Pound's birth there in 1885, and was soon extended to Ketchum 10 miles away.

The focal point of the new resort would be a spot where cattle seemed to gather on particularly harsh winter days – assumed to be the warmest location in the valley.

"This is it," Schaffgotsch



A beginners' class at Sun Valley in 1955: 'a combination of more delightful features than any place I have seen in the US, Switzerland or Austria for a winter sports centre'

Hulton Getty

wrote to Harriman. "It combines more delightful features than any place I have seen in the US, Switzerland or Austria for a winter sports centre." He had chosen what would become one of America's greatest cruising resorts.

The first lifts, however, were not built on what today is Sun Valley's main mountain, Mount Baldy. Borrowing technology from cable lifts designed to load

bananas, seats were substituted for banana hooks, and the lifts were constructed on Proctor Mountain and Dollar Mountain.

This prompted Pfeiffer, hired to train the women's Olympic team in Sun Valley and soon to be ski school director, to tell his new employees: "No, not that mountain, stupid – this mountain." He got his wish. Baldy became Sun Valley's signature mountain.

But Dollar was not abandoned, and today still provides wonderful beginner slopes.

Steve Hanagan, the publicist, named the new resort Sun Valley – more because he hated snow than because of any solid evidence of higher-than-average sunshine – and quickly devised a publicity photograph of a skier stripped to the waist on the slopes. In reality, the photo was taken in a New

York studio. Sooo there was a film too, *Sun Valley Serenade*, starring Sonja Henie, the Olympic skating gold medalist, and bandleader Glen Miller, in effect playing himself.

Hanagan was also behind the credo that by inviting celebrity guests to America's new capital of skiing, the paying public would come too. So he invited big names from Hollywood. And kept inviting them. Gary Cooper

became a regular. Marilyn Monroe, Bing Crosby and Judy Garland were just three of many other famous visitors.

Pfeiffer, the brightest star in a pantheon of Austrian ski gods imported to Idaho, wrote later in his book *Nice Goin' – My Life On Skis*: "Everything was in place for the big opening day, except for one thing. There was no snow. Sun Valley faced its December 31 1936 opening

with sagebrush protruding through the thin snow cover. Harriman wired all his invited guests saying: 'No snow here. If you are a good gambler, come out and be our guest until it arrives.' "On the opening night, Hollywood was out in force. Producers Sam Goldwyn and David Selznick, movie stars Claudette Colbert and Robert Young, plus a dozen other well-known starlets. "The Unio Pacific picked

up a very expensive tab until the skies finally opened. *Life* magazine ran an eight-page story depicting the romance of winter and the glitter of the stars from Hollywood."

Many of the famous movie stars stopped coming with the demise of Sun Valley's famous train, and the resort went into decline. Today, although not the easiest ski destination to fly to – we drive there from Salt Lake City, but you can fly in to Hailey – it is fast recovering its reputation. But some surviving Hollywood types, including Clint Eastwood, who make Sun Valley their home, would rather it were not.

"We don't want masses of tourists here," says Arnold Schwarzenegger. "I love it here, winter and summer, and so do my family. Sun Valley is still unspoiled and we want to keep it that way."

The resort itself, of course, has other ideas. Not that it wants to spoil the place, but it has not built three new gothic mountain restaurant-lodges, costing more than \$6m, at Warm Springs, River Run and Seattle Ridge, for nothing. There are also seven new quad chairs to pay for – another \$12m – and 10 new snowcats.

Sun Valley, the grande dame of American skiing, seems to have successfully reinvented itself.

■ *Arnie Wilson's visit to Sun Valley was organised by Ski The American Dream, 1 to 7, Station Chambers, High Street North, London E6 1JE. Tel 0181-552 1201.*

■ *He stayed at Premier Resorts Condominiums. He drove to Sun Valley from Salt Lake City, which has several major ski areas, including Snowbird, Park City and Deer Valley, within an hour or so of the airport.*

■ *To connect with Gatwick and Manchester, Continental Airlines has introduced a non-stop service from Newark to Salt Lake City, with two flights a day – at 9.50am and 7.40pm.*

Snowboarding

Back to the pratfalls

Patrick Harverson is ready to risk embarrassment and a few bruises in a bid to become a trendy snowboarder

I can resist no longer. Fourteen years after I took up skiing and seven years after I scoffed loudly at my first sight of a snowboard, I plan this winter to exchange two planks for one and take the great plunge that surely awaits all who profess to love winter sports.

It is not an easy decision. I did not spend countless months of hard-earned holiday time and thousands of pounds of even harder-earned money learning to become a good skier to want to chuck it all away in a trifle and start again.

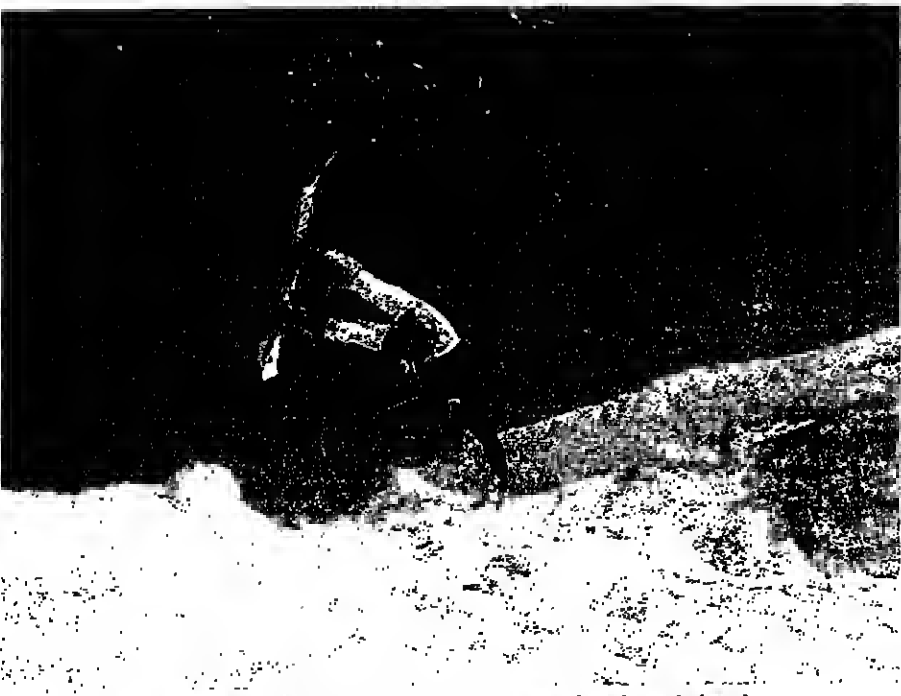
The awkward clumsiness on the slopes, the pratfalls disembarking from chair lifts, the humiliations at the hands of uncaring instructors, the beaten body and aching bones at the close of the day – these are mountain experiences not to be embraced again lightly.

I have resisted snowboarding not just because I feared becoming a beginner again. I have long regarded snowboarders with suspicion bordering on disdain. Their clothes were always too baggy, their hats too silly, their cockiness annoying and their stupid stunts dangerous.

Also, it seemed to me their sport would never last that long. Like monokis and fluorescent suits, novelties that once blazed a bright, brief trail across the winter sports firmament, snowboarding would surely prove a passing fad.

Skiing, in contrast, had substance and a long, honourable history. Fighting men have waged mountain wars on skis for centuries – you could not imagine them doing the same on snowboards. Skiing was an Olympic sport. It had Stenmark and Klammer. Snowboarding had... well, no heroes to speak of. At least none that I had heard about.

So when anyone asked if I fancied trying my hand at snowboarding, I always said no. I was keeping my Salomon skis, chunky Nordica boots and one-piece Obermeyer suit, thank you very much. Snowboarding was not for me.



How it should be done: snowboarding in Oppdal, Norway. 'This winter I plan to learn'

Then I went skiing to Méribel in France last March, and the scales fell from my eyes. A dozen of us drove to the Alps for a week's break. More than half the party were snowboarders, although of a relatively recent persuasion.

Most of the rest were willing to sign up for snowboarding lessons, but I chose to stick to my skis, not wanting to waste a few days of my precious winter holiday basking in the bunny slopes.

For the first three days it looked as if I had made the right decision. The snow was getting near to its sell-by date, and the often icy conditions and unyielding piste made it hard on the snowboarders, especially the beginners who returned to the hotel each night nursing badly bruised backsides and roughed-up egos.

Meanwhile, I was happily scooting around the three valleys, secure on my trusty 205s, my two feet firmly – and separately – on the mountain.

And what a revelation. While I floundered inelegantly through the deep stuff (long years of poor luck with snow conditions means I have never really mastered powder skiing) and fretted about losing my balance – or worse, my skis – in the knee-deep snow, my partners had entered another world.

I watched in awe as they swept silently across the slope as if carried on a magic white carpet, caressing the mountain with their uphills hands to balance themselves as they described great joyful arcs in the snow. At the end of each run their whoops of delight and idiotic, tongue-lolling grins said it all.

I was enjoying myself too, but it was not the same, and for the first time in more years than I could remember, someone else was having more fun than me on snow. A lot more fun.

More than a decade had passed since I had last suffered that slow, burning sensation in the pit of my stomach that signals the onset of skiers' envy – "I want to do

that, but I can't. I don't know how."

So this winter I plan to learn how. And I intend to buy into the whole package, which in snowboarding is what you have to do. It is an affront to nature – not to mention fashion – to wear a one-piece suit while snowboarding, so the Obermeyer will have to stay behind. Baggy trousers, a ropey old sweater, a bobble-free hat and soft snowboarding boots should do the trick.

My attitude to winter sports will have to change, too. No more sneering at the snowboarders and their stupid stunts, no more laughing at beginners and their feeble attempts to stay upright. I must learn to relax a bit more, to chill a little.

Most important of all, I must also learn to affect the cheerful, easy-going confidence that snowboarders always display, as if they are surfers, nonchalantly paddling out into 40ft breakers off the Californian coast.

Which, in a way, is what they are, only instead of the ocean they have the mountains. Instead of the waves they have the snow.

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Weekend FT

PINK SNOW

Choices

Snow on the doormat

Arnie Wilson swishes through this winter's ski brochures

They used to arrive once a year, at a sensible time, in late spring. Now skiing brochures come thick and fast at what seems like any old time, some companies issuing several editions. Brochures for winter 1998/99 will arrive while this winter is still in full swoosh.

How refreshing, then, to receive *Momentum Travel's* tailor-made programme, which Amin Momen, its proprietor, claims "lasts for ever". Last year's brochure is also this year's. And next year's.

It would be naive, of course, to suggest that big companies such as Crystal Holidays could possibly do this for anything up to 100,000 potential customers.

Which is why Crystal staff work around the clock churning out brochures. If this sounds like hell, Crystal also believes in Heaven. But now it acknowledges only one. As it happens, it is the resort of Heaven in Aspen, Colorado.

In response to a campaign on my part, Crystal - which

launched its "official" brochure in great style with a fleet of helicopters taking us from Geneva to Leysin for lunch - has finally withdrawn all but one of its "heavenly" descriptions of six ski resorts.

Now it has had to come up with some new brochure-speak: 14 "superbs", 11 "spectaculars", 10 "magnificents", seven "fantastics" and six "amazings" lead the way. By way of contrast, United Vacations' Ski Freedom and the Airtrons brochures are still busy using the "h" word in many of their resorts.

Even if heaven turns out not to exist, it is comforting to know from Airtrons that Breckenridge, Copper Mountain and Keystone do. Its brochure reassures us that these Summit County resorts offer one of the most comprehensive and existing ski locations in the world.

More good news: First Choice Ski reassures us that in Andorra "the mainly British and Antipodean instructors are not only friendly but English speaking".

Neilson seems to have problems separating Les Deux Alpes (big, bustling, lively, with very lively apres ski) and Alpe d'Huez (big, bustling, chic and lively, with lively nightlife).

Brochure writing must be I'd like to ask: 'At what age does someone become adult?'

terribly dull, and it must be difficult to say something different about each resort. Ski Peak does rather well with: "Authentically French - at the bar you will often be standing beside a weather-beaten French farmer drinking a pastis or ginoplin."

But First Choice, ever eager to appeal to the discerning skier with interesting detail, confirms that skiing in Sierra Nevada is "a definite pleasure", snow-

boarding is "becoming increasingly popular" and "the majority of Courmayeur's runs are of medium difficulty and therefore ideally suited to the intermediate". Fortunately, First Choice's brochure photographs are excellent and say a lot more about its resorts than its text sometimes does.

Panorama, which specialises in Andorra has a more down-to-earth approach. "Our brochure has been written honestly and carefully by people who know and love our resorts," it claims. Indeed, it reminds clients: "Just like at home, one tank of water will not provide six baths. It is unusual to be provided with a kettle, but don't worry - a saucepan does the job just as well."

At the other end of the scale, Simply Ski has banished cheap wines from its chalets, and sent me a bottle of Chateau Lartigue Cotes de Castillon to prove it. (It sounded good, but I failed to find it in my wine dictionaries, and Jancis Robinson, the FT's wine writer, failed

to swoon when I mentioned it to her.)

It also, of course, begs the question: in order to banish cheap wines, Simply Ski must have served plonk in the past. Or am I being churlish?

Le Ski, too, makes a point about having "unlimited superior wine with dinner" in its chalets at Courchevel and Val d'Isere. What a shame, though, that it could not produce a more flattering picture of one of its ski guides (who I feel sure is pleasant enough in real life) in its early-looking brochure. Although the company boasts of the "genuine friendliness" of its staff, the picture looks as though he has just been woken up in the middle of the night.

I would like to ask the question, at what age does someone become adult? It could be important if you do not want to share your skiing holiday with other people's children.

Merisik is prepared to designate any chalet as an "adult chalet" if you are the



first to book it. But here is the rub: an adult, says Merisik (and others) is "anyone over 12".

Doubtless intent on ensuring that its clients are left in no doubt that ski areas are mountainous, and perhaps struggling for a novel way of introducing each resort, Inglands likes to introduce many of its resorts with the phrase: "High in the..." But what, exactly, does high mean?

St Anton, for example, which is said to be "one of the best high alpine ski resorts in the world" is

4,350ft and Ischgl, "high in the Paznaun Valley" is 4,580ft. Tignes, on the other hand - "high up in the world famous Espace Killy" is 7,000ft. So how high is high?

Thomson Ski and Snowboarding brochure tells us we shall "only skim the surface" of the 280 runs in the Forties du Soleil. Isn't that what skiers - and boarders - are supposed to do? And, quoting from *The Good Skiing Guide*, Thomson manages to describe Aspen's apres ski as "electric". Fair comment, but the *Good Ski-*

ing Guide's version is actually "eclectic". Incidentally, if I see apres ski spelt with an acute accent again - I shall scream. Among the gully: Crystal, First Choice, United Vacations and Ski North America Direct, which also came up with "best of both worlds".

Finally my annual unofficial brochure awards: it always seems to be the same tour operators which come up with eye-catching brochures. Many, such as Ski Scott Dunn, Merisik, The Ski Company, FlexiSki and Simply Ski drip with quality and luxury, and deserve to be highly commended.

A much improved Ski Esprit brochure undeniably has its usual self-deprecating mini-barb among the bouquets on its back page: "Children's food could be improved." Mark Warner's brochure makes inspired use of some good photography.

Val d'Isere specialists YSE "We run private chalets, not public houses" has, sadly, toned down the jokes a little, but still comes up with gems such as: "Would suit two people who can't bear each other" and "even the most miserable, misanthropic old curmudgeons seem to find the friendly informality fairly offensive".

But for sheer flair my favourite this year is Powder Byrnes, with its mesmerising cover photograph of Les Drus, Chamonix.

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PROPERTY

When the stately pile costs too much to run

Anne Spackman looks at sources of cash for hard-pressed owners

If a young, single person on housing benefit chooses to live anywhere more salubrious than the average bed-sit, the UK government will not pay the rent. They are considered not only to be living beyond their means, but beyond that which the public is prepared to support.

How does this argument apply to the British aristocracy? Should the family which can no longer afford to maintain its inherited stately home be obliged to find somewhere cheaper? Or does the public feel it shares with that family a stake in the property as part of a common heritage?

The climate is favourable for hard-stretched owners. As the historian, Peter Mandler, describes in his book, *The Fall and Rise of the Stately Home*, the British attitude towards the aristocracy has shifted from animosity to agnosticism, as their power has waned.

Meanwhile, the attitude towards their houses, gardens and grounds has been one of increasing interest. The National Trust is now one of the largest membership organisations in the world, with 2m subscribers. Mandler argues that this increasing popularity results from the growth in the leisure industry, rather than a growing intellectual appreciation of the properties' history and architecture. It seems the best survival strategy is to accept a role as a public attraction.

It costs around £100,000 a year to run a medium-sized historic house in the UK. With entry prices of around £3 a person, an average property can recoup most of that in gate fees, though this would leave nothing for capital projects.

Last week a conference on securing the future of historic houses and estates in Europe was held at Penshurst Place in Kent. (The use of the term "historic house", rather than stately home, is part of the shift in attitudes.)

Owners were told that access to public funds depended first on showing that the public would benefit from their project. Public access and some form of public or charitable ownership are the two most common pre-requisites for cash.

Where a house is privately owned, there is always the potential objection that public funds are merely increasing the value of the owner's personal asset. (Owners who have struggled all their adult lives to preserve a family home in the face of ruinous costs may consider this suggestion laughable.)

The largest potential source of money in the UK is the National Lottery. To qualify, properties cannot be



Munster in west Cumbria: successfully attracted funds with its unique selling point



Penshurst Place in Kent: 'historic house' conference

In private or commercial ownership. The National Heritage Memorial Fund, which distributes lottery money to heritage causes, is advising private owners that it is unlikely to consider their applications for another two years.

What of Europe? In countries such as France, Germany and Italy, a far higher proportion of grand houses are owned by public bodies, rather than private families. This automatically opens their doors to the public. It also gives the houses the same status as other historic buildings, such as cathedrals, museums or castles. They can consequently compete on an equal footing for public funds and affection.

Around £11m a year is available in grants from a European Commission programme called the Raphael scheme. To qualify for money, projects must involve parties from at least three European countries, as well as show a public benefit. As always with grant applications, the winners are those who know how to jump the hurdles.

The European Heritage Consultancy Group has recently been formed by the

land and estate agents, Cluttons Daniel Smith, to help European estate owners tap into this fund. Its grants consultant, Tim Wilson, put together a successful Raphael application for the restoration of the stately facade of a chateau in Belgium. The architect in the project was French and the stonemason Portuguese.

Wilson is now working on a project which would allow visitors to the gardens of one historic house to link up by computer with gardens displaying similar features across Europe. This kind of networking is likely to become more common.

One estate where Cluttons successfully attracted funds from many UK and European sources is Munster in west Cumbria, home to the Pennington family since the 13th century. One of its key strategies involved the development of the World Owl Trust, which is based at Munster, and, in stately home marketing terms, is its unique selling point.

Those private home owners who argue that their property has intrinsic merits, but is unsuitable for public viewing, were told at the conference to expect little

On the Move / Anne Spackman The cost of going west

East is East and West is best, in the London property market. Despite the lures of river views, car parking and lower prices, most buyers still long for the period facades and tree-lined squares of west London, rather than the pioneering outposts beyond the City.

They pay a heavy price for their preferences, as a comparison of two new loft schemes shows. In Bermondsey, a mile or so east of Tower Bridge on the south side of the river, London Buildings is selling the final phase of its Alaska development.

Characterised by stylish architecture and stylish residents, this particular block offers very large living/working spaces with fitted kitchens and bathrooms. They can be bought for £100 a square foot, which means the equivalent of a large two-bedroom flat, plus office space, would cost around £145,000. The agent is Alan Selby on 0171-613 3055.

In west London, there have been very few developments which qualify as "lofts". Now, Try Homes has produced the genuine article at the Piper Building in Fulham, formerly an office for North Thames Gas.

Situated at the end of the Peterborough Road, too long a walk from the tube station, with uninspiring views, the Piper Building's immediate aspect looks more east London than west. But the flats themselves are good. They are large, with ceiling heights of more than 13ft. Those being sold finished have been designed by Lifschutz Davidson, one of the architectural practices of the moment. As a result, the quality of the fittings is exceptional.

But they are not cheap. A shell space of 1,250 sq ft - which would make a large two-bedroom flat - costs around £275,000. Fitted apartments start at around £300,000 - roughly 2½ times the price of living in a loft in west London. Agents are Savills and Egerton.

Calming down

Numbers of inquiries, viewings and offers were all down in September from August levels, according to the latest monthly report from the National Association of Estate Agents. It is the latest voice to claim the market is quieter and more price sensitive than in spring and early summer.

Both the NAEA and the Royal Institution of Chartered Surveyors say first-time buyers are driving the current market, exacerbating the shortage of houses for sale.

Yet this is not pushing up prices. The latest monthly RICS report, published this week, shows yet another decline in the number of members reporting rising prices, from 48 to 38 per cent across the country.

LONDON PROPERTY

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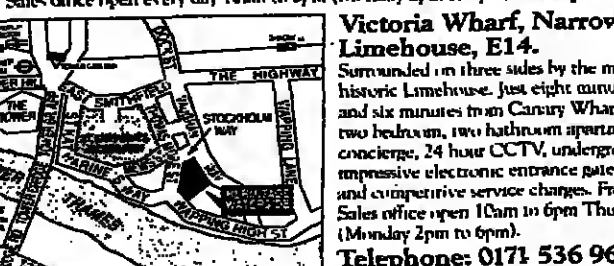
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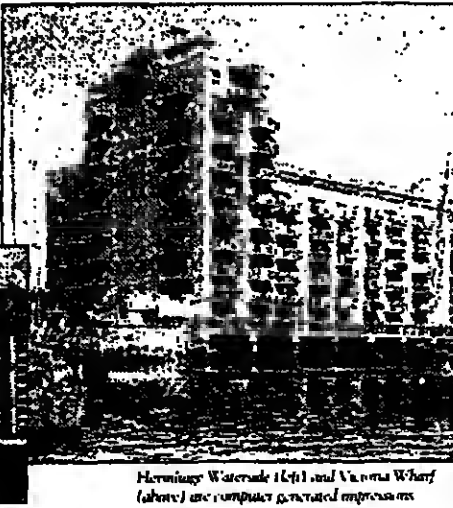
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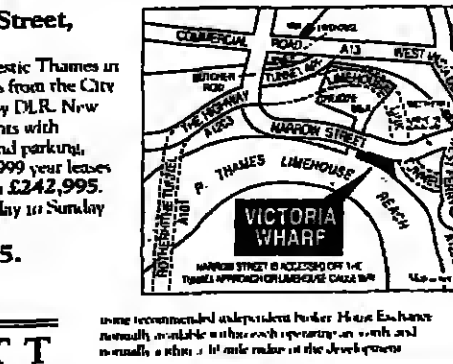
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Hermitage Waterside (left) and Victoria Wharf (above) are complete opposite impressions.



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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
● Driemaal Balanchine: Dutch National Ballet programme of three works - Concerto Barocco, Violin Concerto and Apollo Musagete, to music by Bach and Stravinsky; Oct 28
● Lander-Graham-Martin: Dutch National Ballet programme of four 20th-century works - Etudes, Lamentation, Embattled Garden and Groesland; Oct 27

EXHIBITIONS
Rijksmuseum Tel: 31-20-673 2121
Whistler and Holland: paintings and etchings by James McNeill Whistler (1834-1903), who made several journeys to the Netherlands, most famously in 1889 when he produced 14 etchings and paintings of Amsterdam; to Nov 9

Van Gogh Museum
Tel: 31-20-570 5200
Auguste Préault (1869-1879): Romanticism in Bronze. 75 sculptures and medallions by the nonconformist whose works, during his lifetime, were regularly rejected by the Salon jury. This display includes important works produced during the 1830s and 1840s; to Jan 11

OPERA
Het Muziektheater
Tel: 31-20-551 8911
La Traviata: by Verdi. Netherlands Opera revival of a staging by Alfred Kirchner, conducted by Ralf Weikert; Oct 25, 28, 30

BALTIMORE

EXHIBITIONS
Baltimore Museum of Art
Tel: 1-410-396 8310
A Grand Design: The Art of the Victoria and Albert Museum. First stop of a five-city North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy; to Jan 18

BARCELONA

EXHIBITIONS
Fundació Joan Miró
Tel: 34-3-3291908
● Joan Miró - Equilibrium in space: selection of works by Miró dating from the 1960s onwards which aims to show the relationship of his work to oriental culture; to Nov 2
● Sebastião Gasch: centenary celebration of the avant-garde critic; ends tomorrow

BERLIN

CONCERTS
Konzerthaus Tel: 49-30-203090
● Berlin Symphony Orchestra: conducted by Jerry Seinfeld in works by Glinka, Dvorák and Prokofiev. With violin soloist Alyssa Park; Oct 25
● Berlin Symphony Orchestra: conducted by Diego Masson in a programme including works by Dukas, Schmitt and Ravel; Oct 30

Philharmonie Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra: conducted by Antonio Pappano in works by Messiaen, Mozart and Sibelius; with bassoon soloist Daniele Damiano; Oct 31

OPERA
Deutsche Oper Tel: 49-30-34384-01
● Der Fliegende Holländer: by Wagner. Conducted by Christian Thielemann in a staging by Götz Friedrich; Oct 26
● Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Oct 25

BILBAO

EXHIBITION
Guggenheim Museum Bilbao
Tel: 34-4-423 2799
The Guggenheim Museums and the Art of This Century: the new museum's inaugural exhibition features more than 300 works of modern and contemporary art from the Guggenheim's collections

BRUSSELS

OPERA
La Monnaie Tel: 32-2-229 1211
● La Stille da Vinci: by Francesco Provenzale. New production directed by Philippe Sireuil and conducted by Alessandro de Marchi; Oct 26, 28, 30, 31
● Werther: by Massenet. Concert performance conducted by Vladimir Jurowski, with a cast including Alison Hagley and Jennifer Larmore; Oct 26, 31

CHICAGO

EXHIBITIONS
Art Institute of Chicago
Tel: 1-312-443 3600
● A Collecting Odyssey: Indian, Himalayan, and Southeast Asian Art from the James and Marilyn Alsdorf Collection. Around 200 works of art, primarily Buddhist and Hindu sculpture spanning nearly 20 centuries; ends tomorrow
● Renoir's Portraits: Impressions of an Age. Around 65 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir. The show has been seen in Ottawa and will travel to Texas; to Jan 4

OPERA
Lyric Opera of Chicago
Tel: 312-332 2244



'Celestial Musician', 14th century embroidery from Central Asia, at the Cleveland Museum of Art until January

● Idomeneo: by Mozart. Conducted by John Nelson in a staging by John Copley; Oct 25, 28, 31
● Peter Grimes: by Britten. Conducted by Mark Elder, making his Lyric Opera debut, in a staging by John Copley. Ben Heppner sings the title role; Oct 26, 29

CLEVELAND

EXHIBITION
Cleveland Museum of Art
Tel: 1-216-421 7340
When Silk Was Gold: Central Asian and Chinese Textiles in The Cleveland and Metropolitan Museums of Art. 64 tapestries, silks and embroideries from the 8th through 15th centuries, when they were a valued currency. Many of these are fragile and rarely travel; to Jan 4, after which the exhibition will travel to only one other venue, the Metropolitan Museum of Art in New York

COPENHAGEN

EXHIBITIONS
Frederiksborg Castle
Tel: 45-42-260439
● Four Hundred Years of Scottish Portraits: second half of an exchange organised with the Scottish National Portrait Gallery which saw an exhibition of Danish portraits in Edinburgh during this summer's festival. Now 100 paintings and photographs by Scottish artists including Raeburn are on show in Frederiksborg Castle, 30 kilometres from Copenhagen; to Nov 2

Louisiana Museum of Modern Art, Humlebaek Tel: 45-4819 0719
The Louisiana Exhibition 1997: New Art from Denmark and Scandinavia. First of a planned series of shows which will present contemporary work from the region; this show includes new works by around 50 artists; to Feb 8

FORT WORTH

EXHIBITIONS
Kimbell Art Museum
Tel: 1-817-3328451
Impressionist and Modern Masterpieces: The Rudolf Staechelin Family Foundation Collection of Basel. First American showing of 26 paintings including Gauguin's Nafea Faa Ipoipo (When Will You Marry?), and works by Cézanne, Matisse and Picasso; to Jan 11

LONDON

CONCERTS
Barbican Hall Tel: 44-171-638 8891
London Symphony Orchestra: conducted by Richard Hickox in works by Vaughan Williams; Oct 26

EXHIBITIONS
National Theatre
Tel: 44-171-638 8891
● Don McCullin - Sleeping With Ghosts: major retrospective of work by the photo-journalist which spans his career from 1959 to the present; to Dec 14
● James Ensor 1860-1949: more than 140 works by the Belgian expressionist; to Dec 14

British Museum Tel: 44-171-636 1555
Hogarth and His Times: Serious Comedy. Selection of prints and an exploration of different historical

approaches to them; to Jan 4

Hayward Gallery Tel: 44-171-2610127
● Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

National Portrait Gallery

Tel: 44-171-306 0055
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1
● The Pursuit of Beauty: Five Centuries of Body Adornment. Organised by the Education Department, this chronologically arranged exhibition traces the history of fashion through the art of portraiture, from the Elizabethan period to the present; ends tomorrow

Tate Gallery Tel: 44-171-897 8000
● Mondrian: Nature to Abstraction. A series of drawings and paintings executed before 1914 forms the core of this exhibition of works loaned by the Gemeentemuseum in the Hague. The 60 works selected trace the artist's development, beginning with a group of early river scenes, moving through his Luminist and Cubist phases, towards the mature abstraction of his famous grid paintings; to Nov 30
● The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1860-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones are presented alongside those of European contemporaries such as Redon and Moreau. The show aims to demonstrate the powerful influence of Symbolism on British artists; to Jan 4
● The Turner Prize 1997 - display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; from Oct 29
● Turner on the Loire: selection of watercolours, engravings, and a long lost oil which document the painter's tour of northern France in 1826, the climax of which was his journey up the River Loire; to Feb 15

OPERA

Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: The Merry Widow, by Franz Lehár. In a new translation by Jeremy Sams. New production by Graham Vick, with designs by Richard Hudson; Oct 25, 27, 28, 29, 30, 31

THEATRE

National Theatre
Tel: 44-171-928 2252
● An Enemy of the People: by Ibsen, in a new version by Christopher Hampton. Directed by Trevor Nunn. Cast includes Ian McKellen; Olivier Theatre; in repertory
● Chips with Everything: by Arnold Wesker. Directed by Howard Davies and designed by Rob Howell; Lyttelton Theatre; in repertory
● Othello: by Shakespeare. Directed by Sam Mendes and designed by

Anthony Ward. David Harewood plays Othello, Claire Skinner is Desdemona; Cottesloe Theatre; in repertory
● The Invention of Love: the protagonist of Tom Stoppard's new play is the poet and classical scholar A E Housman, played by Paul Rhys and John Wood. Directed by Richard Eyre and designed by Anthony Ward; Cottesloe Theatre; in repertory

The Old Vic Tel: 44-171-928 6655
● King Lear: Peter Hall directs Shakespeare's tragedy for the first time, in a production based on the 1823 text with Alan Howard in the title role; in repertory
● The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Dominic West her unhappy son, Michael Pennington her lover; in repertory
● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. Greg Hicks is Lucky, Denis Quilley is Pozzo. The director is Peter Hall; in repertory

LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
● Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Mozart and Beethoven, and the world premiere of a new work by Donatoni (not 25); Oct 25, 28
● Los Angeles Philharmonic: with the Moscow Virtuosi, led by Vladimir Spivakov, in a programme including works by Mozart and Shostakovich; Oct 31

MELBOURNE

DANCE
Melbourne Festival
Tel: 61-1800-338 998
Australian Ballet with Bangarra: programme of three world premieres. Twyla Tharp has choreographed a pas de deux to music by Kyoung Kim. Stephen Baynes' new ballet At the edge of night is set to music by Rachmaninov. Rites, performed here in collaboration with Bangarra Dance Theatre, is an adaptation of The Rite of Spring choreographed by Stephen Page; at the State Theatre; Oct 29, 30, 31

MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Marinus Theatre Orchestra: conducted by Valery Gergiev in works by Berlioz, Scriabin and Shostakovich; Oct 27
● Munich Philharmonic Orchestra: conducted by Myung-whun Chung in works by Messiaen and Mahler; Oct 30, 31

DANCE

Bayerische Staatsoper
Tel: 49-89-2185 1920
● Bayerische Staatsballet: Swan Lake. Sets and costumes are by John

Macfarlane; Oct 25
● Bayerische Staatsballet: Roméo and Juliet. John Cranko's choreography is set to Prokofiev's score. With sets and costumes by Jürgen Rose; Oct 30

EXHIBITIONS

Haus der Kunst
Tel: 48-88-5481 8181
● Elsworth Kelly: retrospective of the American abstract painter and sculptor, b. 1923, now in his 70s and one of the most distinguished living artists. Organised with the Guggenheim Museum and previously seen in New York, Los Angeles and London; to Jan 18
● Joel Shapiro: sculptures 1993-1997; to Jan 18
● Julio Sarmento: display of recent works by the Portuguese painter; to Jan 18

Kunsthalle der Hypo-Kulturstiftung
Tel: 49-89-224 412
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam; to Jan 11

OPERA

Bayerische Staatsoper
Tel: 49-89-2185 1920
● Die verkaufte Braut: by Smetana. Conducted by Jun Märkl in a staging by Thomas Langhoff, with sets and costumes by Jürgen Rose; Oct 28
● Die Zauberflöte: by Mozart. Conducted by Hans Drewanz in a staging by August Everding, with designs by Jürgen Rose; Oct 26
● Elektra: by R. Strauss. New production conducted by Peter Schneider, directed and designed by Herbert Wernicke; Oct 27, 31
● Madama Butterfly: by Puccini. Conducted by Asher Fisch in a staging by Wolf Busse; Oct 29

NEW YORK

EXHIBITIONS
Brooklyn Museum of Art
Tel: 1-718-638 5000
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Venice in 1908; to Jan 4

Guggenheim Museum
Tel: 1-212-423 3500
Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career, in which photography and performance have been dominant themes. The exhibition begins at the Solomon R. Guggenheim Museum SoHo; to Jan 7. A special installation of The 1/4 mile or 2 Furlong Piece is at Ace Gallery New York to Nov 9

Metropolitan Museum of Art
Tel: 1-212-679 5500
● Picasso - The Engraver: Selections from the Musée Picasso, Paris. Around 150 engravings, etchings and woodcuts created between 1900 and 1942; to Dec 21
● The Private Collection of Edgar Degas: sold at auction after his death in 1918, more than 200 18th century French paintings and drawings collected by the artist who once imagined establishing his own museum. Includes works by Ingres, Delacroix, and impressionists including Manet, with one room devoted to works by Degas himself; to Jan 11

Museum of Modern Art
Tel: 1-212-708 9480
● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 8
● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4
● From Henri de Toulouse-Lautrec to Andy Warhol: Exploring Techniques. Selection of 70 woodcuts, etchings, lithographs and screenprints from the collection; to Feb 8

● New Concepts in Printmaking 1: Peter Halley - installation of technologically-derived works by the painter launches a series which aims to challenge conventional notions of printmaking; to Feb 8
● On the Edge: Contemporary Art from the Werner and Elaine Dannheisser Collection. More than 80 works by artists including Tony Cragg and Cindy Sherman; to Jan 20

Pierpoint Morgan Library
Tel: 1-212-685 0008
● Cultural Curios: Literary and Historical Witnesses - relics of the great and the wise, including such oddities as Lewis Carroll's pocket watch and Voltaire's briefcase; to Jan 4
● Medieval Bestseller: The Book of Hours. Selection of 100 of the library's prayerbooks; to Jan 4
● Romanticism to Realism - 19th Century German Drawings: survey of 50 works including drawings by Caspar David Friedrich; to Jan 4

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
● Carmen: by Bizet. Revival of a production by Franco Zeffirelli; Oct 25, 28
● Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Oct 25, 28
● La Cenerentola: by Rossini. Met Opera premiere. New production conducted by James Levine in a staging by Cesare Lievi, with designs by Maurizio Ballo; Oct 27, 31
● Tannhäuser: by Wagner, in a staging by Otto Schenk; Oct 30

New York State Theater
Tel: 1-212-870 5570
● Don Pasquale: by Donizetti. New York City Opera. New production, premiered at Glimmerglass, directed by

Leon Major and conducted by Lucinda Carver; Oct 25, 28, 31
● La Traviata: by Verdi. Revival of Renatta Scott's New York City Opera production, conducted by Emmanuel Joel; Oct 26, 29
● Macbeth: by Verdi. The New York City Opera season opens with this new production directed by Leon Major and conducted by George Manahan; Oct 25, 30

THEATRE

Bowery Lane Theatre, 330 Bowery
Tel: 1-212-677 0080
Rough Crossing: by Tom Stoppard. Jean Coutuau Rap new season opens with this musical farce, set aboard a steamship bound for New York

Century, 111 E. 15th St.
Tel: 1-212-239 6200
How I Learned to Drive: by Paula Vogel. Mark Brokaw directs Molly Ringwald and Bruce Davison

Helen Hayes, 240 W. 44th St.
Tel: 1-212-307 1100
The Last Night of Ballyhoo: Ron Lagomarsino directs Alfred Uhry's comedy, set in 1930s Atlanta

Lucille Lortel, 121 Christopher St.
Tel: 1-212-238 6200
As Bees in Honey Drown: by Douglas Carter Beane. Directed by Mark Brokaw

Minetta Lane Theatre
Tel: 1-212-420 8000
Gross Indecency: The Three Trials of Oscar Wilde. Written and directed by Moisés Kaufman, based on transcripts, letters and other writings. Michael Emerson plays Wilde

PARIS

CONCERTS
Salle Pleyel Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Christoph Eschenbach in works by Schumann and Mahler. With piano soloist Mitsuko Uchida; Oct 28, 30

Théâtre des Champs Elysées
Tel: 33-1-49525050
Orchestre National de France: conducted by Yehudi Menuhin in works by Mozart, Beethoven and Enesco; Oct 30

DANCE
Opéra National de Paris, Palais Garnier Tel: 33-1-43439696
Paris Opera Ballet: in Swan Lake; Oct 25, 30, 31

EXHIBITIONS
Musée d'Art Moderne, Ville de Paris
Tel: 33-1-5367 4000
Gilbert & George: major retrospective of the British artists, comprising some 120 works and spanning their career from their meeting at St. Martin's School of Art in 1968 to the "Fundamental Pictures" of last year; to Jan 4

Musée du Louvre Tel: 33-1-4020 5151
● A Mission to Persia 1897-1912: display of pictures, objects and photographs retracing the archaeological expedition led by Jacques de Morgan, paying tribute to his career and the mission's discoveries about the ancient civilizations of Iran; to Jan 5
● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5

OPERA
Opéra National de Paris, Opéra Bastille Tel: 33-1-44731300
● Aufstieg und Fall der Stadt Mahagonny: by Kurt Weill. Conducted by Jeffrey Tate in a production directed by Graham Vick; Oct 25
● Nabucco: by Verdi. Conducted by Pinchas Steinberg in a staging by Robert Carsen; Oct 29
● Turandot: by Puccini. New production by Francesca Zambello. Conducted by Fabio Luisi. With choreography by Alphonse Poulin and designs by Alison Chitty; Oct 27, 30

PORTO ALEGRE

EXHIBITIONS
Various venues
I Mercosur Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela; to Nov 30

TOKYO

EXHIBITIONS
Bunkamura Museum of Art
Tel: 81-3-3477 9252
Photography in Paris 1905-1997: around 240 works by some 53 photographers, on loan from the Centre Georges Pompidou in Paris. Those represented include Man Ray and André Kertész; ends tomorrow
Museum of Contemporary Art
Tel: 81-3-5245 4111
Loans from the Centre Georges Pompidou: selection of 127 works by artists including Matisse and Picasso; to Dec 14

VIENNA

EXHIBITIONS
KunstHausWien Tel: 43-1-712 0495
Herb Ritts: first European retrospective of work by the American photographer. Previously seen in Boston, the exhibition includes portraits of Hollywood celebrities; to Jan 18

ZURICH

EXHIBITIONS
Kunsthaus Zürich Tel: 41-1-251 8765
Arnold Böcklin, Giorgio de Chirico, Max Ernst: Voyage into the Unknown, comprising 130 paintings, collages and sketches; to Jan 18

FT Arts Guide e-mail:
susan.rustin@ft.com
Listings supplied by ArtBase, Amsterdam. Tel: 31-20-684 8441. E-mail: artbase@pi.net

Weekend Investor

Wall Street

Bearing up under the strain

John Authers finds plenty to be positive about in spite of the Dow's decline

The New York stock market started the week braced for some nasty surprises. It got them, all right, but from some unexpected sources.

Early in the week, companies took the opportunity of their quarterly earnings reports to announce huge charges.

Boeing's charge of \$1bn to cover production difficulties was unplanned, and brought the company's shares down 4% to \$49 on the day it was announced.

Citigroup's \$880m charge to convert its computer systems into a single global network, laying off about 8 per cent of its workforce in the process, saw the bank's shares shoot up 4%.

The nastiest shock, however, came from much further away as ripples across the Pacific from the turmoil on the Hong Kong currency and equity markets finally hit the US. The result on Thursday was an ugly day's trading, and one of the most spectacular falls of the year so far.

The Dow Jones Industrial Average of 30 large stocks was down more than 200 points for most of the day and closed 186.88 points, or 2.3 per cent, lower at 7,847.77.

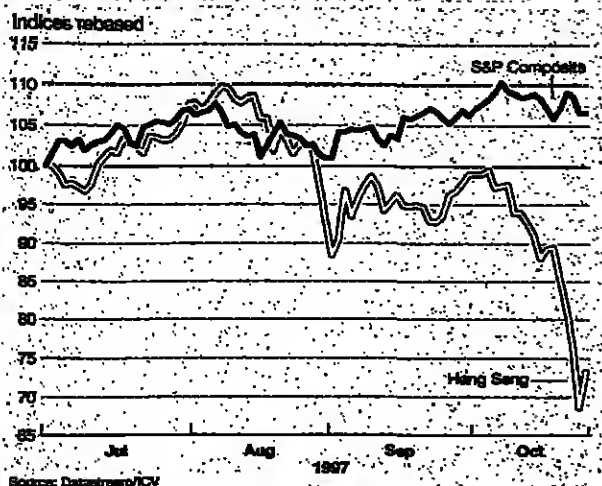
Financial services companies with a big exposure to south-east Asia, such as Citicorp and AIG, took particularly painful hits. The initial temptation in dealing rooms across New York was to declare that the Asian crisis was about to force the long-awaited correction in US stocks.

Take a step back, however, and this looks like an over-reaction. For a start, as the chart shows, a decline of barely 2 per cent in the benchmark S&P500 index was scarcely much of a reaction to the wholesale bloodbath taking place on the other side of the Pacific.

Second, other developments were positive. Treasury bonds gained more than two points at one stage on Thursday, and the benchmark 30-year bond finished the day yielding 6.302 per cent, regaining all the territory it had lost over the previous two weeks.

When there is trouble in the global economy, the US treasury still seems to be

Defences are tested



regarded as a safe haven.

Third, several analysts suggested that the developments could change the outlook for US monetary policy. A sharply appreciating dollar weakens the case for Alan Greenspan, chairman of the Federal Reserve, to raise rates, as many in Wall Street expected him to do before the end of the year. Such an action would further strengthen the dollar, which would not make the US popular with its Asian allies.

Moreover, a stronger dollar and weaker Asian markets achieve many of the purposes of a monetary tightening, in any case. As John Lipsky, chief economist of Chase Manhattan, points out, the Hong Kong situation should have "significant disinflationary implications in the US in coming quarters" since it will mean slower export growth for US companies and downward pressure on prices.

Abby Cohen, chief equity analyst at Goldman Sachs and an increasingly influential bullish commentator, also suggests that the consequences of slower Asian growth will "likely have only a mild impact in the US", that dollar-denominated securities now look more attractive; and that inflationary pressures are being eased.

She pointed out that the emerging Asian economies account for about 12 per cent of US exports (roughly equivalent to Mexico, where the US weathered a financial crisis three years ago), and that American fund manag-

ers have begun steadily to divert flows away from south-east Asia towards Latin America, which has been the most popular emerging region this year.

Cohen added, however, that several sectors had substantial "exposure" to Asia. Technology is one, and it was noticeable that yesterday's falling US markets were led by heavy sales of semiconductor stocks.

Can any firm conclusions about the state of the US financial markets be drawn from the week's frantic events?

Underlying US economic strength offers a strong bulwark against any tsunami from the other side of the Pacific (or, potentially, the Gulf of Mexico).

These determine the underlying strength of the market, although it does remain worryingly jittery. Indeed, with valuations as stretched as they are today, it is prone to sharp falls.

The renewed heavy selling of technology stocks yesterday, which pushed the Dow down another 100 points by midday after it had opened with a rally on news of a moderate recovery in Asia, seems to prove that, while the market has strong defences against a wholesale collapse, it will remain highly volatile while valuations are this high.

Dow Jones Ind Average:

Monday	7,821.44	+74.41
Tuesday	8,060.44	+139.00
Wednesday	8,034.63	-25.79
Thursday	7,847.77	-186.88
Friday		

London

Confused? Join the crowd

Simon Davies picks his way through a minefield

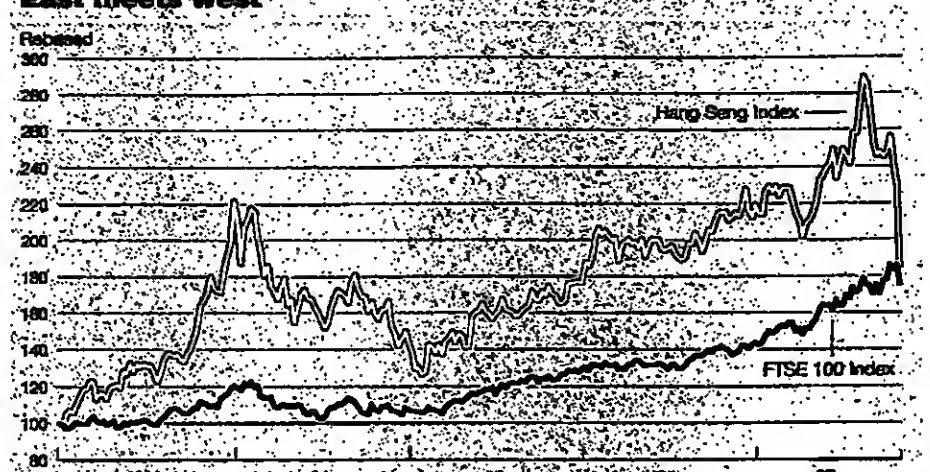
Last weekend's 10th anniversary of the Black Monday stock market crash passed in unmemorable fashion. But the week that followed was full of reminders.

It started with Brown Monday - so-called because a market sell-off was sparked by confusing comments on European economic and monetary union (Emu) emanating from the office of Gordon Brown, the chancellor.

But dealing screens took on a more florid complexion when contagion came from a more unexpected direction and investors got a nasty dose of Hong Kong "flu".

Rudyard Kipling once commented that "East is East, and West is West, and never the twain shall meet", but clearly, he had not foreseen the global nature of stock markets in 1997. On Thursday, they met in a culturally ambivalent wave of investor panic, starting with

East meets west



Highlights of the week

	Price a day	Change on week	52 week High	52 week Low	Notes
FTSE 100 Index	4870.2	-300.9	5178.1	4170.4	Down in few sectors markets
Bloccomposites	6624	-1276	14324	1474	Tonemaster recommends
British Energy	393	-33	438	334	Nerves about pricing review
British Telecom	468	-34	5024	454	Flemings buy note
Cable & Wireless	68	-6	74	432	Turned in for sale
Dixons	709	-239	715	462	Verdict report on retail sales
HSBC (75c)	1612	-347	2069	1216	Turned in for sale
Indochina	2433	-47	2894	2404	Hong Kong exposure
Natl. Power	492	-66	6804	3824	Electricity pricing review
PowerGen	792	-110	810	407	Electricity pricing review
Reis	672	-84	717	470	Electricity pricing review
RJB Mining	184	85	558	180	Drescher Kleinwort "sell" note
Sainsbury	4774	-12	500	307	Defensive buying
Standard Chartered	670	-100	1004	429	Hong Kong exposure
Tesco	476	-16	490	4194	Flight to domestic quality

FT WEEKEND

Centuries of bureaucratic coyness in a small grey Beijing building that identifies itself humbly as the Chinese Language Character Allocation Department. Two green-uniformed guards stand at the front door, checking passes, cracking jokes and ensuring that this most sensitive of state institutions remains secure.

For more than a decade I had sought to meet the legendary Mr Ma, the man responsible for choosing the Chinese characters used to represent English names. Then, without warning, I received a letter addressed to Luo-bo-zi, a rough homonymic rendering of the name Robert which translates as "turnip head", inviting me to his office.

Mr Ma clearly had a sense of humour and a virtually impossible task. The Chinese language is based on ideograms - single syllable characters that represent ideas - and has extreme difficulty swallowing new foreign words.

There are two solutions: find characters that capture the concept, as *dian-nao* (electric brain) is used for computer, or select characters that have a sound close to the English pronunciation, as in "turnip head".

The latter method is generally used for place and personal names, and that is where Mr Ma's sophisticated diplomatic skills come in. If a country, or its leader, has offended the Chinese government, then the characters could be changed and what was a "beautiful land flowing with rivers of gold and wisdom" could become "the land that is the source of all cesspits".

It is a party decision, but Mr

Ma, a political poet, "allocates" the characters.

"I have always wondered," I said, "who finally approved the name for Elvis Presley. Did it go to the Politburo?" Mr Ma walked to a filing cabinet, and pulled out the "E" file from 1957. "It went to the Standing Committee of the Politburo. These decisions go no higher. They have declassified parts of the debate. I am at liberty to show you."

Elvis Presley is called *Mao-wang*, which doesn't sound anything like Elvis and means "king of the cats". It always seemed too knowing, too liberal a name, given the intolerant Chinese politics of the time. Mr

Ma had sensed my surprise: "You have presumed that because we all appeared to dress the same, the caps, the tunics, that there was no subtlety, no irony in those days."

Apparently, an aide to Mao Zedong with a passionate love of pop music, but since erased from all official photographs, convinced his comrades that it was an insult to call Elvis the "king of the cats" on the grounds that "we all have heard the screech and the whine of the cat in the night, much as we know the howling and the baying of the capitalist running dogs."

A few years later, the Beatles did not fare so well. They were a symbol of the decadent west and

got *Pi-tau-shi*, not far away from Beatles, but which means "long-haired ruffian". Mickey Mouse was another important target and remains to this day *My-lao-shu*, Mickey Rat to most Chinese.

"We presently have two important leaders' names under review: Bill Clinton and Tony Blair. The guidance from the Politburo is that we should have a selection of names so that we can reflect the fluctuations in relations with China," said Mr Ma, for whom the new policy is a delicious invitation to be mischievous.

"It is fair to say that if the US imposes trade sanctions, Mr Clinton will have an unflatter-

ing name in Chinese. And if Mr Blair interferes in Hong Kong, we will change his official name, and 1.3bn Chinese will know him as *Tong-ni*."

I giggled. With the inflexion used by Mr Ma, the British prime minister will be "muddy soup". Until he was running the country, the translation had targeted his surname. He was *Bu-later* or "the fear of coming second". But the Politburo decided to concentrate on Tony because of the foreign policy flexibility it offered.

For the next few months, he will be known as *Tian-ni*, "the sun from heaven", but a slight deterioration in relations will mean the official use of a differ-

ent *ni*, and he becomes "mud from heaven". In a crisis, that can quickly be changed to "muddy soup".

"There have been arguments, as you might expect, over how we should render the American president. Mr Clinton appears to have lived many lives." Mr Ma meant that the name was redundant with double meaning. If the president is forced from office because of unseemly incidents in the past, he will become *Ke-ling-dai* - "leader of the mares".

But if he serves his full term and leaves office with work undone, he will be known in retirement as *Ke-lan-dun*, "fleeing from pity". Then again, if Beijing and Washington fall out, there will be another change.

"It will be a little frivolous, but show America to be a spent superpower wasting energy on intimidating the strong-willed Chinese people." He flashed the still classified characters very quickly. Clinton as *Ke-han-dun*, which translates literally as "the exhausted steamboat".

Metropolis

Where owning a car becomes pedestrian

Vicky Carlstrand and family set out to survive six months without a car

A few months ago the Land Rover Discovery and Volkswagen Golf were sitting outside the front door, ready and waiting whenever we wanted them. School and work were 17km away along a motorway. Health centre, library and shopping were too far to walk and friends were scattered across the city.

But that was Stockholm, a small city of 1m people and traffic that flows rather than stops and stutters. As we contemplated our return to a south London suburb and its traffic-packed streets, we decided our lifestyle would have to change. Now there is no machinery sitting outside the door and every journey begins with a walk.

We abandoned the car as an experiment, and I was the one pushing for it. I have to come clean. The decision had nothing to do with the environment and everything to do with my hatred of traffic jams.

Sitting in peaceful Stockholm and reading about "road rage", I wondered how long it would be before I was locked up or beaten up when let loose in a car in London. My family has had to come to terms with my temper (that red-hair gene at work), but I would prefer the rest of you did not see it. My husband, who likes to live a peaceful life, agreed to the experiment: six months without a car and then a policy review.

Three months after our return to London we are still carless and surviving. Jaws drop in disbelief

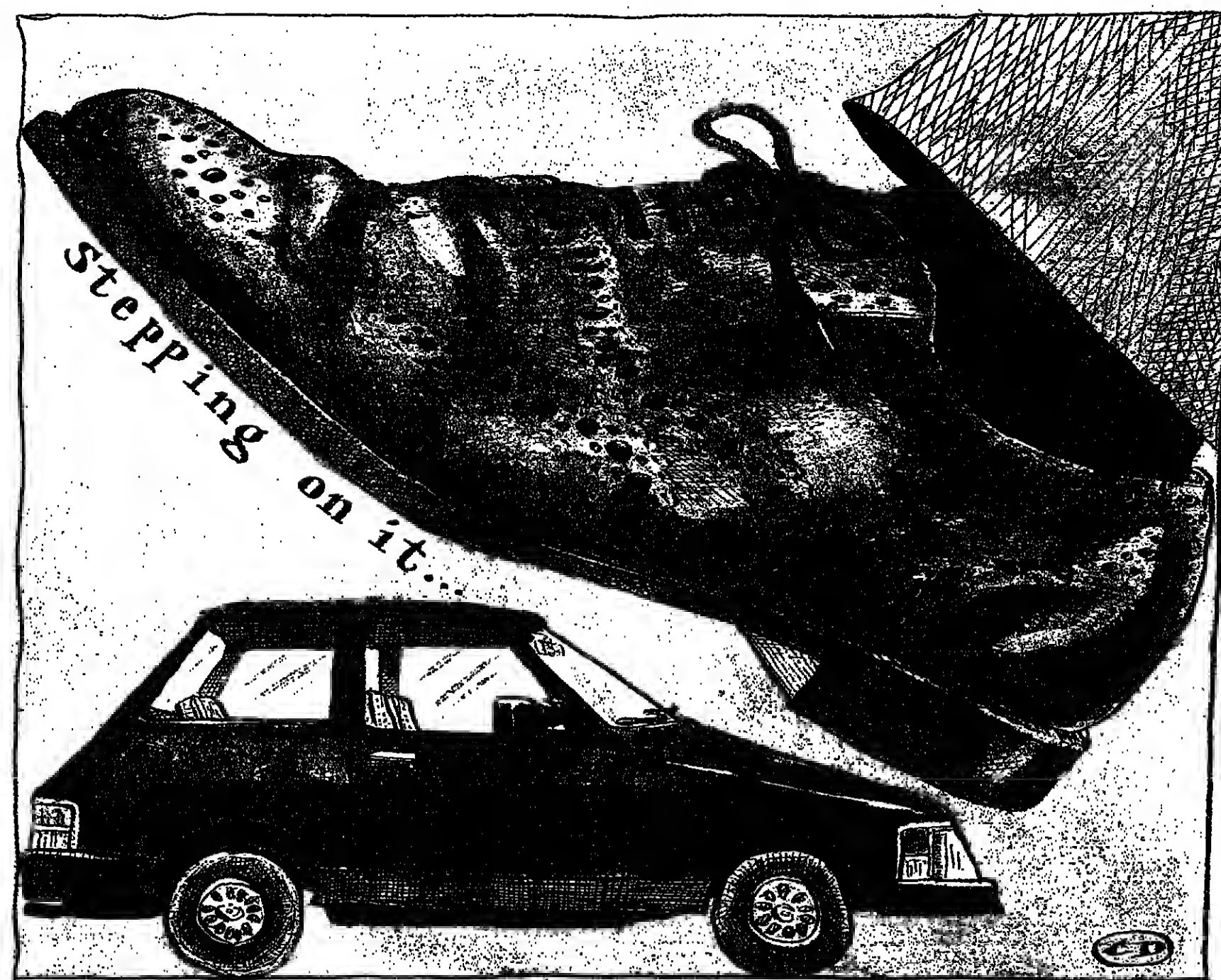
when we tell friends we don't have one - or ask for directions via train or bus. One friend told me outright it was impossible to have three children and manage without a car. He made a bet that we would buy one before the six months were up. But we're still hanging in there.

We realised early on that location was of prime importance to the success of our experiment. So we rented a house a 15-minute walk from school, past the long line of trapped cars and buses. We are ruthless about activities that do not take place at school.

The eldest son can only continue with ice hockey because he catches the train and gets there by himself. His long-suffering mother helps him carry his gear to and from the station. The daughter has to walk or cycle to her fencing club. Youngest son is being discouraged from anything other than football after school on Wednesdays.

So far so good. But now we have to buy a house. To maintain the location so vital to our carless life, we may have to spend as much as £100,000 more than if we edged a bit further away, bought a car and drove the little darlings everywhere. I have been trying to calculate whether this might be cheaper than all the costs of owning a car over, say, 10 years. I have not, as yet, managed to get the figures to come down on my side.

There are other prices to pay. The journey to work on the grandly named South London Metro takes only half-an-hour door to door, but you have to be



organised about the train timetable. That wonderful British institution, the milkman, brings milk and we can order many other basics from him, such as bread, eggs and orange juice. But you pay for the convenience.

Where, 10 years ago, there used to be a local butcher, baker and greengrocer, we now have the usual preponderance of gift shops, estate agents and over-priced delicatessens. There is no avoiding the trek to the giant supermarket designed for car-owners. We take a mini-cab home, which adds roughly the cost of a bottle of wine to the bill.

So far, we have been pleasantly surprised by public transport. But friends tell me to expect the

worst as winter approaches: trains cancelled because of "leaves on the line", and long, cold waits at bus stops. And I now realise that my idea of reading or working on the bus was unreal. As soon as my eye falls on the written page my stomach churns with travel sickness. On bus rides to Bloomsbury recently, I passed the time by calculating how slowly we were travelling. This would seem to vary between 3 and 6 miles per hour, depending on the time of day, and only the suicidal cyclists appear to be going any faster.

For evening invitations we are shameless and resort to minicabs. There is a certain luxury in being driven home with neither

of us having to worry about downing an extra glass of wine or two. There is also a price to pay. One weekend, a party in Chiswick, a christening in Wimbledon and an ice hockey match in Streatham cost us £20 in cabs.

For weekend breaks and holidays we have taken trains to Oxford, Scotland and the Lake District. With a family railroad this is almost cheap and much more comfortable than the car, especially with two kids prone to car sickness and all three to serious squabbling once strapped, immobile, for more than 10 minutes.

There is, though, always the awkward question of whether you might need to hire a car on

arrival. Friends may well be happy to pick you up from the station but once in the depths of the countryside what can you do without wheels? Our latest trip to Scotland cost a total of £116 in train fares - and a cool £100 for car hire.

So will we cave in? To date, none of us feels the need to buy a car. I am a little worried about my husband, who has taken on the zeal of the converted and harangues colleagues who drive to work. I have seen him in love with all his cars, from the orange VV beetle to the red Land Rover Discovery, and can't quite believe that the affair is over.

We have certainly discovered our legs, which can carry us a lot

farther than we ever imagined. The children love walking to school and we appreciate the slightly slower rhythm to our life.

I remember with horror Stockholm weekends when we drove more than 100km just delivering children to various parties and activities. With a car sitting outside such things are possible, and it is so tempting to nip to the shops or "hop over to a friend".

But how many of those quick journeys we make all the time are necessary? In London, how many of them are really quick? For now we'll carry on and keep the empty space outside our door. But will we last the winter?

The language and the world of Shakespeare often elude us these days. The metaphors from falconry and fencing, the curses and the bawdy go over our heads in the theatre or send us to the footnotes on the page.

Even the fruit written of centuries ago - medlars, quinces, hips, haws, gooseberries, lindeberries - we smell and taste at a remove, through actors and print. Supermarkets show us prettified piles of fruit but their varieties are few, and the woods, orchards and hedgerows of their origins seem far away. We gaze on fruit from central casting, where they reject any blemish, and all but standard sizes.

Yet diversity and odd, old pleasures are alive in Kent. "Kent, sir," said Jingle in Dickens' *Pickwick Papers*, "everybody knows Kent - apples, cherries, hops and women."

Within an hour of London, there is a living store of fruit apt to burst out of any footnote. On 150 acres (60 hectares) of good, flat farmland are found 2,300 kinds of apple, 550 varieties of pear, 400 types of plum, 300 of cherry, and astounding varieties of 11 other species of fruit.

There are blueberries - bilberries, as you like, or whortleberries as my grandfather used to call them when he came back with brimming baskets, hands stained a dark and mucky azure, from among the bracken

of Dartmoor in late summer.

This Kentish wonder is almost certain to be without peer. The Soviet Union used to have a mighty collection of apples, but the count of varieties was never reliable and it is believed to be succumbing to present upheavals.

Britain's National Fruit Collection has been built up over 40 years at Brogdale, a mile outside the town of Faversham, near the coast where the Thames estuary meets the North Sea. The farm was an agricultural research station until the late 1980s, when the former government decided to stop funding research. The station gave field trials to fruit varieties bred by outsiders and made recommendations on commercial viability.

Nowadays, after no little persuasion, the government pays for the husbandry of the collection and the Brogdale Horticultural Trust, which bought the place in 1990, continues to test plant varieties.

It gives no opinion on marketability, though. Rather, it advises whether a new variety is demon-

strably different from any other apple or pear or peach, much as a patent office would with a mechanical invention. Also, seeds, cuttings, grafts and so forth move between Brogdale and other growers and researchers all over the world. The farm markets its own fruit and juices.

"It's a living reference library, a varieties heritage, and a way to conserve and spread rare genes," says Gerry Oughton, the trust's chief executive, donning green Wellingtons for a tour of the farm.

"There's not much doubt that some of the varieties we have here exist nowhere else in the world. Each variety is represented by only two trees, but our staff can reproduce any of them from any part of the tree."

On an autumn day - with the English weather stuck in dank, sunless neutral - the fruits still on the long rows of trees were low, glowing lights of all the colours of a temperate harvest. The name labels began to illuminate history and geography. Among the apples: Cat's Head, Chorister Boy, Kentish Filbasket, Pig's

Nose Pippin, Gros Papa, Forty Shilling - two pounds, we'd say now, that was its price per bushel (eight gallons) when fruit sale was by volume.

There are many "toadying names", as Oughton calls them, dozens of varieties named after

'Some of the varieties we have here exist nowhere else in the world'

lords and ladies. And there's the Pitmaston, an apple into which a Mr White of Herefordshire cunningly grafted a taste of pineapple to please his master, Lord Foley, to 1785.

"Many varieties were developed by gardeners of great estates, where fruit was part of the meal, perhaps the seventh or eighth course, so each piece could be small. The important

quality was subtlety to revive jaded palates."

"Now," Oughton goes on, "Brussels is laying down a minimum size of an apple. It has to be big, they say, for consumer protection."

"A hundred years ago, a family in a cottage wanted to pick a few fruit each day over a long period. The varieties favouring that way of life - often fruit that was soft, easily bruised and had a short shelf life - have ceased to be available because the commercial desire now is for an orchard where all the fruit ripens at the same time, so the picking team can clear the lot and move on."

The trees at Brogdale are not the shady, wide-spaced kind of the romantic orchard. To fit in so many, they are small, all grown from dwarf root stock and in neat rows. The varieties are placed so that in spring the blossom spreads like a tide from one end of each field to the other. Although some of the apples are ornamental (grown for their blossom), older or cooking varieties, that still leaves 1,800-odd kinds to be eaten raw.

Oughton's pocketknife treats the privileged autumn visitor to segments from fruit still on the trees. One juicy marvel succeeds another: this one sweet as fresh cane, another sharp and immediate, the next thick, ambiguous and lingering. There's one strong enough to cope with the addition of a slug of gin.

There's Bess Peel, Keswick Codlin, Freedom, Belle Julie, Chad's Favourite, Greenaleaves, Rubens, Starking Delicious, Cedar, General Leclerc, and The Bloody Ploughman. The latter was named, says Oughton, after a chap who was scrumping apples to Scotland and was shot by the landowner. The landowner sent the sack of fruit to the widow. She, with a proper contempt, threw it on to the midden, where in due course an apple tree of unknown kind grew. Its fruit is stained red in the centre.

The elephant man of apples is the Knobby Russet, as warty and caruncular as any: Bardsolph teased over his complexion by Shakespeare's Prince Hal. Children enjoy its strangeness, so it's the only fruit sold by the piece in

the farm shop, where you can fill a decent-sized bag with a mix of other varieties for £1.25.

The medlar trees, with their small, brown-skinned fruit, and the quinces are a place of old England, for sure. "Medlars," Oughton says, "should be eaten blighted" - very soft, even rotten - "which takes time, so keep them for Christmas." The quince is "worth taking home for its delicate aroma to perfume a room, a wardrobe. Leave one in the glove compartment of the car, too. Don't worry about forgetting it: a quince shrivels rather than goes putrid."

The score of varieties of peach tree are kept in a greenhouse to protect them from the rain that gives them fungus. There's even a persimmon tree. Its fruit has the colour of an orange taught not to be vulgar and skin that reminds your fingertips of your first love.

■ Brogdale is open all year, but there are no tours in mid-winter. You can become a friend of the trust (£15 a year), buy rare kinds of tree (December-February is best), get advice, take courses and make appointments to have your own trees budded and grafted while you wait. Tel: 01795-535288; fax: 01795-531710.

Check the 1997-98 catalogue for details of prices and availability. The catalogue is available for £2.50. Tel: 01795-535288. The catalogue is available for £2.50. Tel: 01795-535288.

مكتبة الأصيل